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Federal Real Property
Administration :
Planning for
Implementation of
Reorganization Proposals



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DEPARTMENT OF PUBLIC WORKS INFORMATION DIVISION
PROJECT REPORT D/P-1 DATED JANUARY 22, 1971



PROJECT REPORT - PROJECT CONTROL SYSTEM

OUTLINE MASTER PLAN FOR THE FINANCIAL SERVICES
BRANCH

Blue Section

OUTLINE MASTER PLAN FOR THE REALTY SERVICES
BRANCH

Pink Section

FEDERAL REAL PROPERTY ADMINISTRATION:

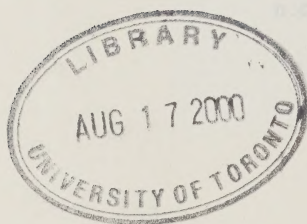
PLANNING FOR IMPLEMENTATION

OF

REORGANIZATION PROPOSALS

FORWARDED TO

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DEPARTMENT OF PUBLIC WORKS
1971

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DEPARTMENT OF PUBLIC WORKS INFORMATION DIRECTIVE

PROJECT RENEWAL AND DATED JANUARY 22, 1991

PROJECT RENEWAL - PROJECT CONTROL SYSTEM

OUTLINE MASTER PLAN FOR THE FINANCIAL ADVISER'S

BRANCH

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FOREWORD

The booklet entitled "Federal Real Property Administration: Proposals for Reorganization" puts forward the broad concept for the reorganization of the federal real property system and outlines the financial implications central to the concept. This booklet indicates the implementation steps envisaged, including a proposed schedule of implementation, if the proposals are approved.

The steps taken to prepare for the implementation of the proposals are briefly reviewed in the first section of this booklet. The preparatory steps serve the dual purpose of improving the effectiveness of the Department of Public Works within the current mandate, while preparing the ground for the expeditious development of the new system that would be required if the proposals are accepted.

The attachments composing the remainder of the booklet have been selected from the extensive body of material now at hand to serve as indicators of the progress that has been made in planning for implementation. To permit the development of detailed plans of the kind illustrated in the attachments, it has been necessary to assume a measure of acceptance of the proposals for reorganization of real property administration. The plans remain sufficiently flexible to accommodate changes in the light of the ultimate decision concerning the proposals.

With the appointment of a new Deputy Minister in January, 1970, concerted activity is clarifying and bringing together the major objectives for change, the final steps towards developing the proposals and preparing the ground for their implementation began.

The Approach to Implementation

Within the very steps that have been taken since January 1, 1970, a clear strategy for effecting change has been adopted, and it will help in understanding both the proposals and the implementation plans if this strategy is understood. It has involved a conviction that five major steps are required to bring the performance of a department as large as Public Works, and the system within which it operates, to an effective level:

- the examination of the departmental mandate to determine whether it meets existing and future needs adequately; to search for more appropriate divisions in the areas where deficiencies are revealed; and to articulate and gain acceptance of those changes in overall objectives necessary to carrying out the mandate as redefined.

PLANNING FOR IMPLEMENTATION OF REORGANIZATION PROPOSALS

Introduction

If the proposals advanced in the preceding booklet, "Federal Real Property Administration: Proposals for Reorganization", are approved, organizational changes of a fundamental nature will be required in the Department of Public Works, and to a lesser but still important degree within the Treasury Board Secretariat. Program departments and agencies will also be required to adjust in some measure to the new system. Many of the changes required to implement the proposals relate equally, however, to improving operations under DPW's current mandate; accordingly, considerable time and resources have already been devoted towards planning for them.

Preparing for the new system might be said to have begun with receipt of the Glassco Commission's report in 1963, with its strong recommendations for change. Follow-up studies within the Department of Public Works, including the major reorganization study carried out by external consultants in 1965-66, led to action which removed some problems and prepared the ground for still further change. Discussions over the last several years between the Department of Public Works, the central agencies, and program departments have also contributed to a climate receptive to change.

With the appointment of a new Deputy Minister in January, 1970, committed expressly to clarifying and bringing together the many suggestions for change, the final stage towards developing the proposals and preparing the ground for their implementation began.

The Approach to Implementation

Behind the many steps that have been taken since January 1, 1970, a clear strategy for effecting change has been employed, and it will help in understanding both the proposals and the implementation plans if this strategy is understood. It has involved a conviction that five major steps are required to bring the performance of a department as large as Public Works, and the system within which it operates, to an effective level:

- An examination of the departmental mandate to determine whether it meets existing and future needs adequately; to search for more appropriate direction in the areas where deficiencies are revealed; and to articulate and gain acceptance of those changes in overall objectives necessary to carrying out the mandate as received.

- An accurate assessment of the organizational capability essential to the accomplishment of the revised mandate and departmental objectives.
- The testing of existing organizational capability against the "model of excellence" developed through the first two steps.
- The development of organizational capability to close the gaps revealed -- the detailed planning and implementation action to provide specific solutions for problems and the application of resources to remedy the deficiencies in organizational capability.
- Positive action to create a receptivity to change on the part of departmental officers and staff; to develop an organizational climate supporting change rather than obstructing it.

Application of these five steps to the Department of Public Works began on January 1, 1970, and the action initiated already encompasses every element of the strategy. An indication of the extent of such activity during the past year and that planned for the future is given in the summary following.

Reviewing the Department's Mandate

Very considerable effort during 1970 went into the review of the Department's mandate and the search for overall objectives to govern federal real property administration. In addition to the joint task force of DPW and Treasury Board officers, strengthened in January, 1970 to produce an early report, the search has included every level of management within the Department and has involved many discussions with program departments, the Public Service Commission and the Privy Council Office. The Deputy Minister and other senior officers have also met with a number of those in the private sector having a special understanding of real property matters. The result has been the proposals for reorganization presented in the preceding booklet.

In total, the proposals identify a new direction for federal real property administration which appears to meet program and governmental needs. If this new direction is acceptable, it can be translated readily into a set of overall objectives to govern real property administration and, in turn, into a set of short and long-term goals to guide each level of management within the agencies involved.

The Assessment of Needed Capability

Many sound proposals for change have failed to fulfill their promise because the resources and managerial capability required to carry them out were inadequately assessed. Accordingly, once objectives emerged clearly much of the past twelve months has been spent in seeking to identify the capability needed to reach them.

Organizational capability is made up of many elements: human talents; the organizational capacity for planning; an organizational structure well adapted to the performance of departmental functions; effective mobilization, deployment and use of human, financial and materiel resources; positive and effective control systems and procedures, including a comprehensive management information system; effective internal and external communication at all organizational levels; and the quality of leadership to carry through organizational change to productive completion.

In looking at such needed capability there have been two separate but related tasks: to identify the capability needed to carry out a new mandate and, of equal importance, to identify the capability required to maintain and improve an ongoing set of departmental programs until such time as the proposed direction is approved -- both because there are important ongoing programs to administer and because improvements in existing operations will accelerate the process of implementing a new mandate, if granted.

In summary form such assessment of capability has involved the following:

1. Special studies of needed capability have been initiated in every principal functional area of the Department. Such areas are:

- realty management, which includes land management, acquisition and disposal, accommodation planning and building management;
- design and construction services, including project management, architectural and engineering design services, and marine works;
- personnel management, including manpower planning, training and development, staff relations, establishment and classification, and other special requirements;
- financial management, including budget and financial reporting, cash management, cost accounting, asset and inventory accounting, financial systems' development, materiel management;

- customer and public relations;
- maintenance services;
- planning and systems, including computer services, specialist management consulting services, long-range planning and analyses;
- research and development, including materials and product testing.

2. In addition to the many special studies initiated by Headquarters staff, all departmental managers (totalling some 330) were directed in October 1970 to assess the requirements of their particular operations and their resource capability in the light of the proposed mandate, and to convey their views to senior management for consolidation and review.

This was a step towards ensuring that the very demanding implementation planning responsibilities would be borne by all appropriate levels of management. The involvement of every level of management in the development of concepts and organizational proposals has been accepted as vital; hence the various workshops and conferences, the stress on two-way communication, the setting up of working groups and so on. This involvement has already required considerable time and will continue to do so; nevertheless, it is considered essential if broad understanding of the departmental role is to be achieved and managerial commitment to implementing the proposed new mandate assured.

3. An Assistant Deputy Minister, Planning and Systems has been appointed, to direct the process of assessing needed capability and to work towards improving managerial performance under the existing mandate and to prepare for the proposed new mandate. Under his direction are a greatly strengthened Management Consulting Services unit, a Management Information Systems directorate and a Policy and Program Analysis unit. Together, these three units are designed to ensure that sound long and short-term planning take place throughout the Department, that the support systems currently required by managers exist and are functioning well and those required for the future are brought into being, and that managerial processes generally within the Department are sound in terms of current and future needs.

4. An Implementation Steering Committee of senior departmental officers has been established, under the chairmanship of the ADM Planning and Systems. This committee is charged with ensuring the planning for implementation, including the assessment of required capability, is taking place and in a coordinated way, and that the required policy direction on

implementation is given to departmental management. A strong Implementation Secretariat has been established to serve the committee's day-to-day needs, and to ensure that the major functional areas within the Department have the planning and implementation personnel they require if their ongoing work is not to suffer during planning for implementation.

5. Following a three-day planning workshop of top management in June, 1970, to discuss the proposed mandate and its implications for organizational structure, the decision was reached to establish a number of working groups to review important areas. Two working groups were established to examine the structure of organization in the realty and design/construction areas. Reports and recommendations were submitted in December 1970 and are now being considered jointly by a third working group, in the search for an overall organization structure adapted to future requirements. A fourth working group was also established to assess the requirements for effective information-handling, and its report received in February, 1971.

6. Late in September the Department was reorganized on an interim basis, both in response to the many concerns that had been evidenced in the previous nine months of discussions and study and to make certain that the responsibility for planning for implementation in the various functional areas of the Department was clear. This reorganization also freed a number of personnel for implementation planning.

The Testing of Existing Capability Against the Organizational Model

To a very considerable degree, the determination of needed capability has proceeded hand in hand with the assessment of the strengths and weaknesses of the existing organization. The point is being reached, therefore, where it will be possible to identify the gaps between existing and required capability in many areas of departmental activity, and in precise detail.

To assist this process the Program Management Evaluation directorate of the Department was strengthened, to provide a comprehensive and objective evaluation of departmental operations. The first cycle of evaluation is now close to completion and has provided valuable insight into the need for and means of improving capability. The Department's Internal Audit unit has been similarly strengthened, to provide complementary information of a more detailed nature.

As noted earlier, one requirement in the implementation directive issued to responsibility managers in October, 1970 was that they identify the deficiencies in existing capability in their own areas and more generally throughout the organization. Returns from this directive are to be reported in consolidated form by March 31, 1971 and will be incorporated into developmental planning.

Development -- Closing the Gap

While in general it might be expected that the step of "closing the gap" could not be taken until all previous steps had been completed, in the present instance this has not proven to be the case. Considerable progress has already been made in moving from the level of capability acceptable at an earlier stage in the Department's development towards that which will be required for effective performance in the future. Steps that could be taken to improve current departmental effectiveness in ways consistent with the new proposals have been given a high order of priority.

Strengthening the Program Management Evaluation and Internal Audit units, for example, has resulted not only in a far greater degree of insight into managerial operations but in appropriate improvements in performance. Two top management committees, developed to bring the combined strengths of the Department's most senior managers to bear on significant issues, have produced additional improvements -- and to further strengthen top management activities the office of Departmental Secretary has been changed to approximate that of a corporate secretary in the private sector. The Assistant Deputy Minister, Planning and Systems and his three senior directors are devoting much of their current effort towards improving existing systems. In three major regions across the country there has been progress in streamlining organizational arrangements as a preliminary to more fundamental reorganization.

To improve existing operations and in preparation for a strictly service agency, steps have also been taken to improve the Department's customer and public relations. In this latter connection a Special Assistant, Customer and Public Relations has been attached to the Deputy Minister's office, while the Information Services Directorate has been strengthened by the appointment of a new Director and the allocation of additional resources. The results in terms of healthier customer and public relations are already beginning to show.

In addition to such immediate responses to identified needs, steps were taken in September 1970 to ensure the systematic formulation of detailed plans for the implementation of the proposals for reorganization of real property administration. The aim was the creation of an overall master plan for the phased development of required organizational capability. Planning has been carried forward under assumptions reflecting the possible outcome of continuing discussions, recognizing that modification of the plan in detail and scope may be necessary as a result of Cabinet decisions.

The organizational arrangements for planning are set out in detail in the first attachment. The arrangements reflect a policy of full participation and responsibility for all levels of management in the planning and implementation process, backed by a central planning capability providing specialized planning and systems skills to assist managers in their planning and to coordinate planning efforts. Staffing for implementation planning is virtually complete, and progress is being made in the development of detailed implementation plans, with a target for completion of the draft master plans by March 31, 1971. All departmental units are actively engaged in preparation of plans.

In view of the critical importance of financial and personnel services in the implementation of the proposals, and the relatively long lead time necessary for developing systems in functions which touch all areas of activity, planning for them was begun in May, 1970. In consequence, draft master plans for these areas are well advanced. Planning for operational functions more dependent upon clear definition of the organizational mission was begun in October, 1970, and is progressing well. The outline master plans for the financial and realty functions are attached as representative of the current status of planning activity. As the full development of functional plans proceeds and the internal and external planning relationships are completely defined, special planning groups -- for example, dealing with legislative requirements -- will be formed to deal with them. Preliminary work in a number of areas has begun.

A suitable project control system has been devised for planning administration and full use of planning networks is being made. Training in planning technique has been given, as necessary, to officers engaged in implementation planning. Special assistance will be given in development of management systems in fields such as methods and procedures, systems analysis, forms design, graphics and statistics.

Creating a Receptive Climate for Change

This is not a "final" step in the process but one that is necessary to satisfactory results in each of the other four steps. The most vigorous efforts towards change at the very top of an organization can be absorbed at progressively lower levels, in the direction of keeping things as they are. Acknowledging this facility in organizations to defeat change efforts a central question has been how to convert potential inertia and even resistance to a receptive climate for change.

During the past twelve months considerable effort has centred on this problem. It has already been noted that special workshops, attended by every member of senior management, were organized. These dealt not only with the proposals for a new mandate but more generally with managerial style and philosophy, and the prospects and problems of managing in a rapidly changing environment. Workshops involving all architectural and engineering staff within the Department have also been held, to explore the career problems and challenges for the

professional in an environment of change. Special three-day courses designed by Gordon Lippitt, a world-renowned authority in preparing large organizations for change, have been given to most intermediate and senior managers in the Department; when the Lippitt programs have been completed, some 455 members of management and senior support staff will have received the program.

Special efforts have also been made to introduce the views and experience of individuals from the private sector engaged in activities paralleling those of the Department or proposed for the new agency. This has included special presentations and discussions on such subjects as project management, as well as outside visits by managers to examine the operations of firms involved in realty management, architectural and engineering design, construction and maintenance in order to become familiar with current managerial practices and performance standards outside the public sector.

It was also recognized that departmental managers wanted and needed to know what managerial style and philosophy prevailed among the Department's considerably changed senior management group. If new objectives are approved and the required capability to implement these is properly assessed and assembled, the managerial style and philosophy adopted will materially affect the climate of the organization. Accordingly, considerable effort has been devoted to developing and communicating a proposed philosophy of management for the new agency. In brief, what has been proposed is a hard-driving, cost-conscious commitment to carrying out tasks efficiently and effectively, sensitively balanced with an understanding of the "people" problems of managing large organizations.

Throughout this concern with creating a receptive climate for change, emphasis has been placed on the improvement of communications. Not only have personnel been kept in touch with developments regarding proposed changes, and informed generally of the views and concerns of top management; an equal concern has existed for receiving communications up the line and across functional areas. In all of the activities noted, the aim has been to open minds to consideration of the processes of change, and to the acceptance of change as necessary and desirable.

Conclusion

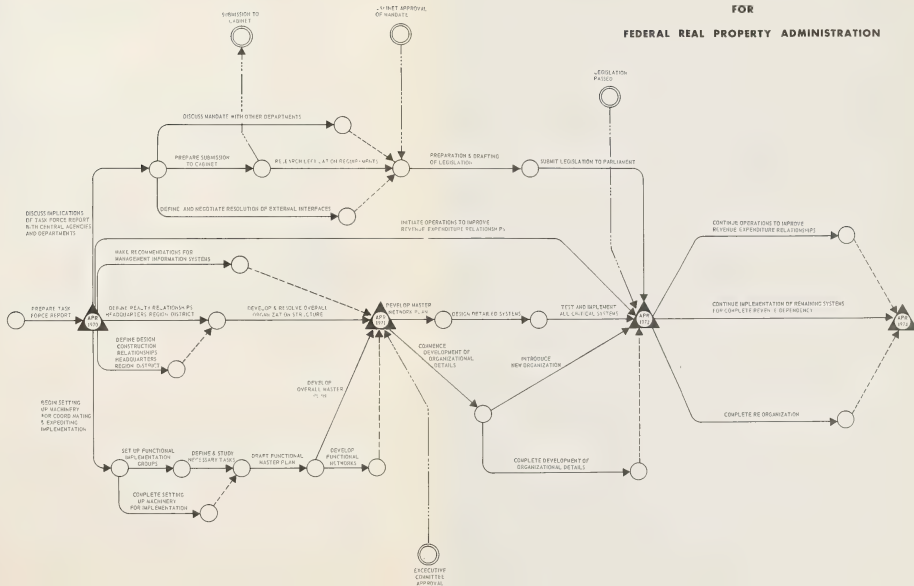
Despite the great importance and complexity of the implementation processes, there is good reason for confidence that they can be carried out successfully, provided three things are recognized:

1. Agreement should be reached on the new mandate at as early a date as possible, keeping in mind that while the ground can be well prepared for implementation in a general way in advance of such approval, preparations will remain general until this approval is given.

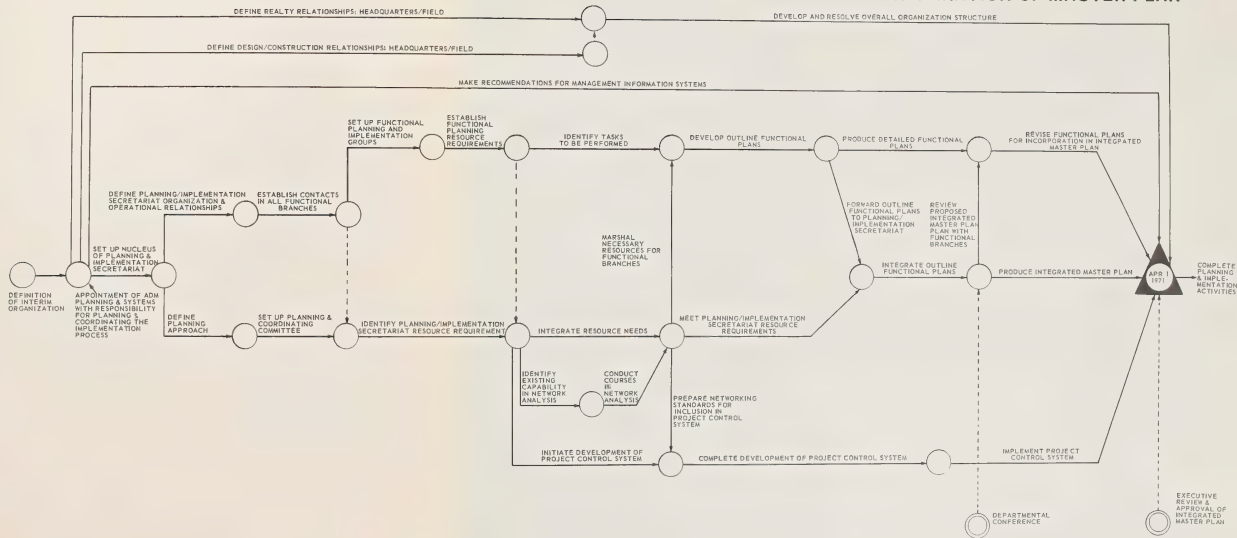
2. Assuming that approval is given, the mandate must then be clearly communicated to program departments and agencies, in order that preparations can take place within such departments as well as within the Treasury Board and the Department of Public Works. Without the active cooperation of the Treasury Board Secretariat and program departments and agencies, the process of implementation will be slowed considerably.
3. Sufficient preparation time must be agreed upon before the official date of changeover to the new system.

The capability is now in place to meet a proposed target of April 1, 1972 for having all of the critical systems operable (by which time it is expected that, if the proposals are approved, the required legislation could exist). By April 1, 1974 -- the end of the proposed two-year "set-up" period within the first seven-year mandate -- the Government-wide system could have moved to the level in which the real property agency could be functioning under total revenue dependency. A considerably simplified version of the master network implementation diagram is found on the following page.

**PROPOSED SCHEDULE FOR IMPLEMENTATION
OF REORGANIZATION PROPOSALS
FOR
FEDERAL REAL PROPERTY ADMINISTRATION**



PROPOSED SCHEDULE FOR PREPARATION OF MASTER PLAN



**EXECUTIVE INFORMATION SERIES
PART 1: DIRECTIVES****PROJECT RENEWAL
PROJET RENOUVEAU****SERIE INFORMATION DE LA DIRECTION
PARTIE 1: DIRECTIVES**NUMBER
NUMERO D/D-9DATE January 22, 1971.
DATE Le 22 janvier 1971FILE NUMBER 2000-3
NO. DE REF. 195-2; 334-1**1. PURPOSE**

The purpose of this paper is to define the responsibilities and framework upon which current efforts at reorganization are to be built. It will deal specifically with the responsibilities for coordinating and expediting the needed efforts in planning and implementation. For purposes of identification throughout this Directive, and related subsequent ones, the name "PROJECT RENEWAL" will be used to designate the planning and implementation processes of coming months.

2. BACKGROUND

1. The memorandum from the undersigned to members of senior management dealing with implementation dated October 8, 1970, stated in part that "The overall responsibility for coordination and for generally expediting the implementation process has been placed with Dr. Baker, as Assistant Deputy Minister, Planning and Systems" and that "a Steering Committee has been established under his chairmanship to act as a special sub committee of the Executive Committee ... (which) ... will be supported by a special secretariat".

1. BUT

Le présent exposé a pour but de définir les secteurs compétents et le cadre selon lesquels doit se fonder la réorganisation que l'on s'efforce de mettre sur pied à l'heure actuelle. Il précise, en particulier, les divers secteurs à qui incombent la coordination et la bonne marche de la planification et de la mise en application des décisions prises. Aux fins d'identification, l'on emploiera le terme "PROJET RENOUVEAU" dans la présente directive et d'autres à suivre pour désigner les initiatives de planification et de mise en application qui seront prises dans les mois à venir.

2. HISTORIQUE

1. Le mémoire, en date du 8 octobre 1970, qu'adressait le soussigné aux administrateurs supérieurs et qui portait sur la mise en application des décisions prises, mentionnait, entre autres, ce qui suit: "Dans l'ensemble, il appartient à M. Baker, à titre de sous-ministre adjoint (Planification et Systèmes), de voir à coordonner et à accélérer la mise en application des décisions" et "un comité d'orientation, que M. Baker présidera, a été créé à titre de sous-comité du Comité de direction, auquel sous-comité a été adjoint d'un secrétariat particulier".

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2. BACKGROUND - (Cont'd)

2. The memorandum also refers to the four (4) working groups on Organizational Arrangements and Management Information Systems (see also D/A-1 September 28, 1970). It further directs each Manager to undertake specific tasks: initially, with January 1, 1971 as the target date, the determination of adjustments necessary within his responsibility centre, translating these into a work plan for 1971, identifying the required resources and identifying the interfaces upon which his progress is dependent. These are to be followed before April 1, 1971, with a review of personnel capacity and requirements, the adequacy of organizational arrangements and the identification of information and control requirements for managing both during changeover and under revenue dependency.

3. This direction explicitly invites each Responsibility Centre Manager to participate actively in the planning and implementation processes, while requiring more senior Managers to assess and aggregate the results of such efforts by Responsibility Centre Managers reporting to them.

2. HISTORIQUE - suite

2. Le mémoire fait aussi état des quatre groupes de travail chargés des modalités de restructuration et des systèmes d'information de la gestion (voir également la directive D/A-1, du 28 septembre 1970). Selon le mémoire, chaque administrateur doit entreprendre des tâches bien précises: au départ, la date-limite ayant été fixée au 1^{er} janvier 1971, déterminer l'adaptation nécessaire du centre de responsabilité qu'il dirige, dresser, pour 1971, un plan de travail qui permette cette adaptation, cerner les ressources et les jonctions destinées à assurer la bonne marche des travaux. Il lui faudra, par la suite, avant le 1^{er} avril 1971, examiner les possibilités de son personnel et les besoins en personnel, la pertinence des modalités de restructuration et le genre d'information et de contrôle nécessaires à la gestion, et au cours de la période de transition et lorsque l'organisme devra assurer son exploitation en fonction de ses propres revenus.

3. On invite expressément, par la présente directive, les administrateurs de centres de responsabilité à participer activement à la planification et à la mise en application des décisions, alors que l'on exige d'un plus grand nombre de cadres supérieurs qu'ils apprécient et réunissent les résultats des efforts des administrateurs de centres de responsabilité qui leur sont comptables.

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3. ORGANIZATIONAL ELEMENTS

The general organizational responsibilities for "PROJECT RENEWAL" have already been designated as follows:

1. The Assistant Deputy Minister, Planning and Systems, is responsible for coordinating and expediting the implementation process.
2. A Steering Committee has been established to act for the Executive Committee in providing overall coordination and generally expediting the planning and implementation processes. It will interpret overall policy and will receive and deal with questions regarding the clarification or adjusting of policy. It will be the main forum for examination of progress, where discussion must centre at the most senior management levels.
3. The Secretariat of the Steering Committee, comprising resource personnel working full-time on planning and implementation, will carry out day-to-day coordinating and expediting activities, and will provide the necessary staff support to the Committee to ensure that plans encompass all aspects of the implementation process. The Director of the Secretariat will act as Executive Secretary to the Steering Committee.

3. ÉLÉMENTS DE STRUCTURATION

En général, les divers secteurs compétents visant le "PROJET RENOUVEAU" ont déjà été désignés comme il suit:

1. Le sous-ministre adjoint (Planification et Systèmes) est chargé de coordonner et d'accélérer la mise en application des décisions prises.
2. Un comité d'orientation a été créé pour exercer, au nom du comité de direction, les fonctions de la coordination d'ensemble et de l'expédition générale de la planification et de la mise en application des décisions prises. Il lui incombera d'interpréter la politique d'ensemble et de s'occuper des questions de clarification ou d'adaptation de la politique établie. Il permettra d'examiner les progrès qu'accuseront les activités, lorsque les délibérations pertinentes devront se tenir au niveau de la plus haute direction.
3. Le secrétariat du comité d'orientation, qui comptera des spécialistes s'occupant à temps plein de la planification et de la mise en application des décisions prises, sera chargé des activités de coordination et d'expédition courantes et mettra le personnel de soutien nécessaire à la disposition du comité afin d'assurer que la planification porte sur tous les aspects de la mise en application des décisions. Le directeur du Secrétariat remplira les fonctions de chef de secrétariat du comité d'orientation.

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3. ORGANIZATIONAL ELEMENTS - (Cont'd)

4. The Working Groups set up by the Executive Committee will make recommendations concerning the detailed development of a total Management Information System, and will study Headquarters/Region/District relationships in Design/Construction and Realty, to develop proposals concerning the number and type of field offices required for the management of these functions and to develop the structure of a hypothetical field organization with emphasis on Realty/Construction relationships and the necessity for and functions of Regional/District offices. The Executive Secretary of each of these Working Groups will be a member of the Secretariat, coming together regularly with other members of the Secretariat to keep abreast of and contribute to overall progress in planning and implementation.

3. ÉLÉMENTS DE STRUCTURATION - suite

4. Les groupes de travail désignés par le comité de direction seront chargés des préconisations relatives au détail de la mise sur pied d'un système global d'information de la gestion, et de l'étude des rapports entre l'Administration centrale, les Administrations régionales et les bureaux de district en matière de conception, de construction et d'immeubles, afin d'élaborer des projets relativement au nombre et au genre de bureaux extérieurs nécessaires à la gestion de pareilles fonctions et afin, aussi, d'établir l'organigramme d'une structuration extérieure hypothétique en mettant l'accent sur les rapports en matière de conception et de construction et sur la nécessité et les fonctions des Administrations régionales ou des bureaux de district. Le chef de secrétariat de chacun de ces groupes de travail fera partie du Secrétariat (du comité d'orientation) et assistera régulièrement aux réunions dudit Secrétariat afin de se tenir au courant des progrès qu'accusent la planification et la mise en application des décisions, et d'y faire un apport valable.

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3. ORGANIZATIONAL ELEMENTS - (Cont'd)

5. Functional Heads will be personally responsible for the detailed planning and implementation of "PROJECT RENEWAL" for the major functional areas of:

Design/Construction
Land Management
Accommodation Planning
Building Management
Planning and Systems
Finance
Personnel
Customer and Public Relations

Resource staff will be made available to senior Managers, upon request, for planning and implementation purposes. Such personnel will be appointed from the staff of the Secretariat or from other sources arranged by the Secretariat, and the Director of the Secretariat will be responsible for ensuring that their efforts, together with those of resource personnel assigned to working groups, are properly coordinated. This coordination, along with other working level coordination tasks, will be dealt with by a special Planning and Coordinating Committee of the Secretariat chaired by the Director or his delegate and consisting of the executive secretaries of all working groups, together with other senior resource personnel seconded to line Managers for planning and implementation purposes.

3. ÉLÉMENTS DE STRUCTURATION - suite

5. Les chefs fonctionnels seront personnellement chargés du détail de la planification et de la mise en application du "PROJET RENOUVEAU" pour ce qui des secteurs fonctionnels importants:

Etudes-Construction
Administration immobilière
Planification du logement
Gestion des immeubles
Planification et Systèmes
Finance (Services financiers)
Personnel
Relations avec les clients et le public

On mettra à la disposition des administrateurs supérieurs, lorsqu'ils en feront la demande, des spécialistes aux fins de planification et de mise en application des décisions. Ceux-ci seront recrutés parmi le personnel du Secrétariat ou d'ailleurs selon les dispositions prises par le Secrétariat dont le directeur aura la tâche de coordonner, de façon efficace, les activités de ces spécialistes et celles des autres spécialistes déjà affectés à des groupes de travail. Pareille coordination, ainsi que la coordination à d'autres niveaux de travail, fera l'objet d'une étude par un Comité de planification et de coordination désigné par le Secrétariat et présidé par le Directeur ou son délégué. Ce comité sera composé des chefs de secrétariat de tous les groupes de travail, ainsi que d'autres spécialistes de niveau supérieur détachés auprès des chefs organiques aux fins de planification et de mise en application des décisions.

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3. ORGANIZATIONAL ELEMENTS - (Cont'd)

6. Special Responsibility Centre Studies and Plans may also be generated to carry out the tasks assigned by the undersigned in memorandum of October 8, 1970. These will be coordinated in the first instance by the appropriate senior Manager in each functional or program area with the Secretariat assuming the broader responsibility for coordination across Branches.

7. Special Working Groups will be established to deal with the definition and detailed resolution of external interface problems with specific departments or agencies. Under the direction of the Steering Committee it is anticipated that these groups will be staffed jointly by the Secretariat and the relevant external agencies, with overall coordination being achieved within the Secretariat.

3. ÉLÉMENTS DE STRUCTURATION - suite

6. Des études et une planification spéciales que pourront effectuer les centres de responsabilité permettront à pareils groupes d'exécuter les tâches auxquelles le soussigné les affectait dans son mémoire du 8 octobre 1970. Pareilles activités devront être coordonnées, au préalable, par l'administrateur principal de la fonction ou du programme donné, le Secrétariat se chargeant plutôt de la coordination au niveau des directions générales.

7. Des groupes de travail spéciaux seront mis sur pied afin de définir et de résoudre en détail les problèmes communs qui se posent au Ministère et à d'autres ministères ou organismes donnés. On prévoit que le Secrétariat et les organismes extérieurs en cause s'occuperont, sous la direction du comité d'orientation, de la dotation en personnel de ces groupes, la coordination d'ensemble étant effectuée au sein du Secrétariat.

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4. ORGANIZATIONAL INTERRELATIONSHIPS

1. As noted above, Responsibility Centre Managers, setting up whatever groups they deem appropriate to assist them, will have the primary responsibility for the detailed planning and implementation of "PROJECT RENEWAL". This will include the review and consideration of the appropriate portions of studies and plans developed by other responsibility centres. Individual Managers will be responsible for planning and implementation activities, in turn, to Managers higher in the line.

2. The role of the Steering Committee is to ensure that all required planning and implementation is carried out in a coordinated and expeditious manner and that the fullest possible communication among Program Heads and their appropriate groups is maintained, consistent with policies approved by the Executive Committee. It is expected that individual Managers and working groups will be responsive to requests from the Steering Committee to maintain or expedite schedules for the effective implementation of the overall plan.

4. CORRELATION DES ACTIVITÉS EN FONCTION DE L'ORGANISATION

1. Ainsi qu'il est fait mention dans ce qui précède, la planification et la mise en application détaillées des décisions relatives au "PROJET RENOUVEAU" incomberont au premier chef aux administrateurs des centres de responsabilité, qui mettront sur pied les groupes dont ils jugeront avoir besoin. Il leur faudra notamment examiner et étudier les parties appropriées des études et des plans dressés par d'autres centres de responsabilité. Chaque administrateur sera, à son tour, comptable de la planification et de la mise en application des décisions à un administrateur supérieur.

2. Il incombe au comité d'orientation d'assurer la coordination et l'expédition de toute planification ou mise en application des décisions, ainsi que les relations les plus suivies entre les chefs de programmes et les groupes qu'ils dirigent, et ce, toujours en fonction des politiques approuvées par le comité de direction. On attend de chacun des administrateurs et des groupes de travail qu'ils sachent répondre aux demandes du comité d'orientation en vue de tenir à jour ou de devancer l'échéancier des activités aux fins d'une mise en application efficace du plan d'ensemble.

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4. ORGANIZATIONAL INTERRELATIONSHIPS -
(Cont'd)

3. The detailed responsibilities of the Steering Committee will be exercised on their behalf by the Secretariat. The Assistant Deputy Minister, Planning and Systems, as Chairman of the Steering Committee and with responsibility for the Secretariat, will ensure that the decisions of the Steering Committee are carried out by the Secretariat. The latter will also be responsible for meeting the pre-decision needs of the Steering Committee by special studies, reports or other means. He will receive primary assistance in such coordination from the Executive Secretary of the Steering Committee, functioning also as Director of the Secretariat.

5. STEERING COMMITTEE

1. Organization - The membership of the Steering Committee has been established by the Executive Committee and announced in my memorandum of October 8, 1970. In addition to members listed earlier, it will include the Departmental (Executive) Secretary, the Special Assistant, Customer and Public Relations, and the Director, Building Management.

4. CORRÉLATION DES ACTIVITÉS EN FONCTION DE
L'ORGANISATION - suite

3. Le Secrétariat remplacera le comité d'orientation dans l'exercice des fonctions assignées à ce dernier. Le sous-ministre adjoint (Planification et Systèmes), exerçant les fonctions de président du comité d'orientation et comptable des activités du Secrétariat, devra s'assurer que le Secrétariat mette en application les décisions du comité d'orientation. Le Secrétariat devra aussi répondre aux besoins du comité d'orientation qui précéderont la prise de décisions en faisant des études spéciales, en dressant des rapports ou par tout autre moyen. Au départ, il sera aidé en matière de pareille coordination par le chef de secrétariat du comité d'orientation à titre de directeur du Secrétariat.

5. COMITÉ D'ORIENTATION

1. Organisation - La composition du comité d'orientation a été établie par le comité de direction et annoncée dans mon mémoire en date du 8 octobre 1970. En plus des membres dont les noms figuraient sur la première liste, le comité comprendra le chef du secrétariat du Ministère, l'adjoint spécial (Relations avec les clients et le public) et le directeur de la gestion des immeubles.

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5. STEERING COMMITTEE - (Cont'd)

1. Organization - (Cont'd)

In total, therefore, the membership is as follows:

Dr. W. Baker - Chairman

M. Dibben - Special Assistant,
Customer & Public
Relations

A.R. Durston - Director, Management
Consulting Services

W.D. Egan - Departmental (Executive)
Secretary

D.J. Hartt - Director, Steering
Committee Secretariat

T.J. Jones - Director, Management
Information System
(Chairman, Working Group
No. 4)

E.D. Manchul - Director,
Building Management

L.V. McGurran - Financial Adviser

H.M. Millar - Director,
Construction & Works
Management (Chairman,
Working Group No. 1)

C.A. Smith - Personnel Adviser

R.M. Trites - Director,
Accommodation Planning
(Chairman, Working Group
No. 2)

W.F. Whitman - Director,
Land Services

5. COMITÉ D'ORIENTATION - suite

1. Organisation - suite

Voici comment se présente maintenant la composition du comité d'orientation:

M. W. Baker - Président

M. M. Dibben - Adjoint spécial
(Relations avec les
clients et le public)

M. A.R. Durston - Directeur du service
de conseillers en
gestion

M. W.D. Egan - Chef du secrétariat du
Ministère

M. D.J. Hartt - Directeur du
secrétariat du comité
d'orientation

M. T.J. Jones - Directeur des systèmes
d'information de la
gestion (Président du
groupe de travail n° 4)

M. E.D. Manchul - Directeur de la gestion
des immeubles

M. L.V. McGurran - Conseiller financier

M. H.M. Millar - Directeur de la gestion
de la construction et
des travaux (Président
du groupe de travail
n° 1)

M. C.A. Smith - Conseiller en personnel

M. R.M. Trites - Directeur de la
planification du
logement (Président du
groupe de travail n° 2)

M. W.F. Whitman - Directeur des services
immobiliers

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5. STEERING COMMITTEE - (Cont'd)

2. Terms of Reference - The Steering Committee will meet regularly, at the call of the Chairman, to receive implementation progress reports, review overall implementation progress and to recommend the coordination of activities or the rescheduling of elements of the overall plan as dictated by developing circumstances. The Committee is responsible for:

1. Interpreting policy decisions of the Executive Committee as they apply to implementation.
2. Recommending to the Executive Committee new or revised policy requirements arising from implementation.
3. Ensuring the development of the master plan, and that all aspects of the implementation process are incorporated.
4. Coordinating the implementation in accordance with the agreed master plan.

5. COMITÉ D'ORIENTATION - suite

2. Attributions - Le comité d'orientation, convoqué par son président, se réunira régulièrement afin de recevoir les rapports périodiques, d'examiner les progrès réalisés dans la mise en application, en général, et de préconiser la coordination des activités ou un nouvel ordonnancement, selon la tournure que prennent les événements, des éléments qui entrent en ligne de compte dans la planification d'ensemble. Voici les fonctions du comité:

1. Interpréter les décisions de principe du comité de direction relativement à leur mise en application.
2. Préconiser auprès du comité de direction des politiques nouvelles ou révisées que pourrait exiger la mise en application des décisions.
3. Assurer l'élaboration du plan directeur et veiller à l'intégration de tous les aspects de la mise en application des décisions.
4. Coordonner la mise en application en fonction du plan directeur adopté.

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5. STEERING COMMITTEE - (Cont'd)

2. Terms of Reference - (Cont'd)

5. Ensuring that Program Heads and their groups are proceeding appropriately in planning and implementation processes, with proper attention to potential overlap and duplication.
6. Resolving conflicts among Managers in establishing priorities and allocating special planning and implementation resources, with particular attention to internal or external interfaces.
7. Ensuring that external interfaces, generally, are adequately defined and considered.
8. Ensuring that records, schedules and networks of implementation plans and progress are properly maintained, within individual Responsibility Centres and within the Secretariat.
9. Preparing reports on the progress of implementation, for presentation to the Executive Committee.
10. Providing direction to the Secretariat for the implementation of these responsibilities

5. COMITÉ D'ORIENTATION - suite

2. Attributions - suite

5. S'assurer que les chefs de programmes et leurs groupes exécutent les diverses étapes de la planification et de la mise en application, et veiller à ce qu'il ne se produise ni chevauchement ni dédoublement des tâches.
6. Assurer qu'il n'y ait pas de heurt d'intérêts entre administrateurs lorsque ceux-ci ont à établir des priorités et à affecter à la planification et à la mise en application des décisions, un personnel de ressource particulier, tout en tenant bien compte des points communs internes ou externes.
7. S'assurer qu'en général, l'on définisse les points communs externes et que l'on en tienne compte, le tout de façon appropriée.
8. S'assurer que les registres, les échéanciers et les réseaux de planification de la mise en application et ceux des progrès réalisés soient tenus de façon appropriée, au sein des divers centres de responsabilité ainsi que du Secrétariat.
9. Dresser, à l'intention du comité d'orientation, des rapports portant sur les progrès en matière de mise en application des décisions prises.
10. Diriger le Secrétariat dans la mise en application des tâches qui précèdent.

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6. SECRETARIAT

1. Functions - The Secretariat shall act on behalf of the Steering Committee for all normal coordinating and expediting activities and shall refer to the Steering Committee those matters requiring its attention in accordance with the foregoing terms of reference of the Committee.

Specifically, the Secretariat is responsible to the Chairman of the Steering Committee for:

1. Developing and maintaining an overall plan and schedule for the detailed planning and implementation of "PROJECT RENEWAL" using accepted project control and network techniques.
2. Ensuring that plans, schedules and networks developed for the various functional areas are compatible with each other and with the master plan and that all constraints are recognized.
3. Detecting and verifying the existence of interfaces or interdependencies and, where they exist, coordinating the terms of reference, plans and progress of implementation activities.

6. SECRÉTARIAT

1. Fonctions - Le Secrétariat doit remplacer le comité d'orientation pour ce qui est de toutes les activités normales de coordination et d'expédition et doit s'en référer au comité d'orientation des questions qui exigent son attention selon les attributions du comité définies précédemment. Le Secrétariat est particulièrement comptable au président du comité d'orientation des fonctions suivantes:

1. Etablir un plan d'ensemble et un échéancier relatifs au détail de la planification et de la mise en application du "PROJET RENOUVEAU" par des méthodes acceptées en ce qui a trait au contrôle des travaux et aux graphes.
2. Assurer que les projets, les échéanciers et les graphes établis pour les divers secteurs fonctionnels soient compatibles les uns avec les autres, ainsi qu'avec le plan directeur, et se sensibiliser à tout ce qui pourrait exercer une contrainte.
3. Déceler les points communs ou interdépendances et en vérifier l'existence. Le cas échéant, coordonner les attributions, projets et progrès en ce qui concerne la mise en application.

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6.

6. SECRETARIAT - (Cont'd)

1. Functions - (Cont'd)

4. Detecting and verifying the need for and initiating expediting action in order to ensure that the progress of "PROJECT RENEWAL" conforms to the master schedule.

5. Coordinating requirements, recommending priorities, matching and allocating resources to individual Branch Heads and other senior Managers for specialized skills such as systems design and analysis, network planning, statistical analysis, computer applications, etc.

6. Establishing special studies or working groups to cope with problems such as those posed by external interfaces, requirements for policy decisions or amplification, or other areas requiring special study.

7. Providing all administrative support and control required to carry out the above functions, such as the maintenance of all required records, preparation of agenda, correspondence, briefs, reports and submissions.

8. Initiating such other action as is required for the effective discharge of the responsibilities of the Steering Committee.

6. SECRETARIAT - suite

1. Fonctions - suite

4. Déceler le besoin d'expédition des activités, en vérifier l'existence et prendre des mesures visant à hâter le "PROJET RENOUVEAU" en conformité de l'échéancier directeur.

5. Coordonner les exigences, préconiser les priorités, déterminer la pertinence de l'affectation, à chaque directeur général ou à d'autres administrateurs supérieurs, de spécialistes en conception et analyse des systèmes, planification des graphiques, analyse statistique, application des méthodes de l'informatique, etc.

6. Mettre sur pied des groupes spéciaux d'études ou de travail qui puissent résoudre les problèmes externes communs, répondre aux besoins en matière de décisions de principe ou l'explications, ou d'autres secteurs qui exigeraient une étude particulière.

7. Assurer tout le soutien administratif et le contrôle nécessaires à l'exécution des fonctions susmentionnées, telles la tenue de tous les registres nécessaires, l'établissement des ordres du jour, la rédaction de la correspondance, des mémoires, des rapports et des documents de présentation.

8. Amorcer toute activité que puisse nécessiter l'exercice des fonctions du comité d'orientation en vertu de ses attributions.

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6. SECRETARIAT - (Cont'd)

2. Organization of the Secretariat.
The functions of the Secretariat fall into three (3) major and interdependent groups:

Providing Staff Resources to Managers
Coordination
Analysis and Control

Taking each in turn, these three (3) major functions are as follows:

1. Providing Implementation
Planning Services to Managers

Two (2) broad categories of implementation planning personnel will be made available to Managers:

1. Personnel seconded to work on virtually a full-time basis with Managers as a primary resource in implementation.
These will be designated Implementation Planning Officers.

Seconded personnel will receive their primary direction from the appropriate line Manager, to the extent that their time is committed fully to a particular Manager. The responsibility for allocating personnel and for making certain that they are fully aware of and contributing effectively to overall planning and implementation will rest with the Director of the Secretariat or his delegate.

Five (5) Implementation Planning Officers have been appointed to date and it is anticipated that further appointments in this category will be made shortly.

6. SECRETARIAT - suite

2. Organisation du Secrétariat. Les fonctions du Secrétariat se répartissent en trois principaux groupes inter-dépendants:

Affectation du personnel de ressource aux administrateurs
Coordination
Analyse et contrôle

Chacune de ces trois fonctions peut se définir comme il suit:

1. Assurer aux administrateurs les services de planification de la mise en application des décisions

Deux catégories générales de personnel affecté à la planification de la mise en application seront mises à la disposition des administrateurs.

1. Personnel détaché auprès des administrateurs pour travailler à temps plein à toutes fins utiles et assurer principalement à ces derniers des spécialistes en matière de mise en application.
Ceux-ci auront le titre de planificateurs de la mise en application.

Le personnel ainsi détaché recevra, en premier lieu, ses instructions de l'administrateur organique pertinent dans la mesure où un administrateur donné dispose de toutes leurs heures de travail. Il incombera au directeur du Secrétariat ou à son délégué d'affecter le personnel pertinent et de s'assurer que celui-ci travaille en pleine connaissance de cause à la planification et à la mise en application d'ensemble des décisions, et qu'il y participe de façon efficace.

Cinq planificateurs de la mise en application ont été nommés jusqu'ici, et l'on prévoit qu'il se fera sous peu d'autres nominations de ce genre.

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6. SECRETARIAT - (Cont'd)

2. Organization of the Secretariat - (Cont'd)

1. Providing Implementation Planning Services to Managers- (Cont'd)

2. Specialist support personnel, in the following fields:

Systems design and analysis

Computer applications

Graphic arts

Drafting

Mathematical and statistical analysis

Forms design and control

Training

The number of specialist support personnel required by Managers at any one time will vary. It is anticipated, therefore, that the Secretariat will identify a pool of appropriate talent from which such support personnel can be selected and seconded on temporary assignment. In identifying needs and locating and approving appropriate personnel the Director of the Secretariat will work closely with the Director, Management Information Systems and the Director, Management Consulting Services.

6. SECRÉTARIAT - suite

2. Organisation du Secrétariat - suite

1. Assurer aux administrateurs les services de planification de la mise en application des décisions - suite

2. Personnel de soutien spécialisé, dans les domaines suivants:

Conception et analyse des systèmes

Application des méthodes d'informatique

Arts graphiques

Dessin

Analyse mathématique ou statistique

Conception et contrôle des formules

Formation

Il se peut que varie le nombre des membres du personnel de soutien spécialisé dont les administrateurs auront besoin à un moment donné. On prévoit donc que le Secrétariat désignera des personnes dont les aptitudes pertinentes permettront de choisir parmi elles le personnel de soutien à détacher temporairement auprès d'un administrateur quelconque. Le directeur du Secrétariat devra collaborer étroitement avec le directeur des systèmes d'information de la gestion et celui des conseillers en gestion afin de cerner les besoins, de trouver le personnel voulu et d'en approuver le détachement.

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6. SECRETARIAT - (Cont'd)

2. Organization of the Secretariat - (Cont'd)

2. Coordinating Implementation Activities

A central responsibility of the Secretariat, noted earlier, is to provide active liaison between the Steering Committee, working groups, individual Managers and special working groups.

Three (3) major approaches will be used to ensure such coordination below the Steering Committee level:

1. Through the medium of the special Planning and Coordinating Committee of the Secretariat all senior full-time implementation personnel will meet regularly, at the call of the Director of the Secretariat and under his chairmanship, to exchange information and viewpoints, and to test out developing proposals. The Director, Management Information Systems and the Director, Management Consulting Services will be members of the Planning and Coordinating Committee.

6. SECRÉTARIAT - suite

2. Organisation du Secrétariat - suite

2. Coordination des activités de la mise en application

Une attribution essentielle du Secrétariat, énoncée précédemment, consiste à assurer une liaison active entre le comité d'orientation, les groupes de travail, chacun des administrateurs et les groupes de travail spécialisés.

Il faudra aborder pareille coordination, à un niveau inférieur à celui du comité d'orientation, des trois façons que voici:

1. Par le truchement du comité spécial de planification et de coordination du Secrétariat, tous les membres du personnel qui s'occupent à temps plein de la mise en application, se réuniront régulièrement à la demande et sous la présidence du directeur du Secrétariat afin d'échanger des renseignements et des idées et d'essayer des propositions embryonnaires. Le directeur des systèmes d'information de la gestion et celui des conseillers en gestion feront partie du comité de planification et de coordination.

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6. SECRETARIAT - (Cont'd)

2. Organization of the Secretariat - (Cont'd)

2. Coordinating Implementation Activities - (Cont'd)

2. A small group of senior officers will be given a direct responsibility for coordination. They will be involved in the detailed operations of the various Branches and working groups only to the degree necessary for the complete understanding of the plans and progress being made. Their responsibility will be to ensure that all aspects of planning and implementation are dealt with in a coordinated manner, and within the time frame of the overall master plan. The role of such Coordination Officers will encompass all aspects of coordination including trouble shooting, expediting, general analysis and assistance in the development of policy recommendations.

6. SECRETARIAT - suite

2. Organisation du Secrétariat - suite

2. Coordination des activités de la mise en application - suite

2. Un nombre restreint de cadres supérieurs sera directement chargé de la coordination. Ces cadres ne se mêleront aux activités des diverses directions générales ou groupes de travail que dans la mesure où pareille action de leur part leur permettra de comprendre à fond la planification établie et les progrès réalisés. Ils auront pour tâche d'assurer la coordination de tous les aspects de la planification et de la mise en application, et ce dans le délai fixé en fonction du plan directeur d'ensemble. Les fonctions de tels agents de coordination comporteront tous les aspects de la coordination, y compris le dépannage, l'expédition, l'analyse en général et l'assistance en matière d'établissement des préconisations de principe.

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6. SECRETARIAT - (Cont'd)

2. Organization of the Secretariat - (Cont'd)

2. Coordinating Implementation Activities - (Cont'd)

3. Coordinating the implementation activities of external groups with that taking place within the Department will be effected in part through special working groups, staffed jointly from the Secretariat and external agencies, or through individual members of the Secretariat where a special working group is not required. This activity will be supplementary to that occurring as a necessary part of the concern of Branches and working groups with issues of external relationships.

6. SECRETARIAT - suite

2. Organisation du Secrétariat - suite

2. Coordination des activités de la mise en application - suite

3. La coordination de la mise en application par des groupes de l'extérieur et de celle qui s'effectuera au sein du Ministère, se fera en partie par le truchement de groupes de travail dont l'effectif proviendra en partie du Secrétariat et d'organismes de l'extérieur, ou encore, par certains membres du Secrétariat lorsque cette coordination n'exigera pas les services de tout un groupe de travail. Pareille activité viendra s'ajouter aux autres qui découleront forcément de la préoccupation des directions générales et des groupes de travail relative aux résultats des rapports avec des groupes de l'extérieur.

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6. SECRETARIAT - (Cont'd)

2. Organization of the Secretariat - (Cont'd)

3. Analysis and Control.

As an essential coordinating, analytical and control device a master implementation plan and schedule will be developed within the Secretariat for approval by the Steering Committee and, in turn, the Executive Committee. Accepted project control and network planning and scheduling techniques will be implemented during the development of the master plan and schedule. These will be updated, displayed and used throughout the planning and implementation phases of "PROJECT RENEWAL" in order to determine where changes must be effected. Standards and specifications for these control techniques will be established by the Secretariat in order to ensure conformity and compatibility among the various sub plans and schedules and between these and the master plan.

6. SECRETARIAT - suite

2. Organisation du Secrétariat - suite

3. Analyse et contrôle.

On élaborera au sein du Secrétariat, à titre de moyen essentiel de coordination, d'analyse et de contrôle, un plan directeur et un échéancier de mise en application des décisions qui devra recevoir l'approbation du comité d'orientation et, par la suite, celle du comité de direction. On mettra en application les techniques approuvées en matière de contrôle des activités, de planification et d'ordonnancement par graphes, au cours de l'élaboration du plan directeur et de l'échéancier. On fera la remise à jour de ces techniques, on les mettra en évidence et l'on en fera usage au cours des étapes de la planification et de la mise en application du "PROJET RENOUVEAU", afin de déterminer où il faudra apporter des modifications, en l'occurrence. Les normes et spécifications de ces techniques de contrôle seront établies par le Secrétariat afin d'assurer la conformité et la compatibilité entre les divers plans et échéanciers secondaires, d'une part, ainsi qu'entre ces plans et échéanciers et le plan directeur, d'autre part.

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6. SECRETARIAT - (Cont'd)

2. Organization of the Secretariat - (Cont'd)

3. Analysis and Control - (Cont'd)

Branch heads and working groups will be ensured the capability for designing and operating their own network systems, with guidance where requested from the Secretariat. Because of the coordination aspects major network analyses will be centred in the Secretariat, with the central plan being developed in outline and expanded into the necessary detail as Branch heads and working groups develop their own sub plans.

In total, therefore, through effective network planning, scheduling and project control systems it will be possible to ensure continuing surveillance and analysis of planning and implementation action. A project control room has already been established, to serve as the centre for these activities.

6. SECRETARIAT - suite

2. Organisation du Secrétariat - suite

3. Analyse et contrôle - suite

Les directeurs généraux et groupes de travail se verront assurer la possibilité de concevoir et de faire fonctionner eux-mêmes leurs systèmes de graphes, quitte à demander conseil du Secrétariat, le cas échéant. En vue d'assurer la coordination, les principales analyses graphiques seront centralisées au Secrétariat, le projet central étant élaboré dans les grandes lignes et détaillé, au besoin, au fur et à mesure que les directeurs généraux et les groupes de travail élaboreront leurs propres projets secondaires.

Bref, au moyen de systèmes efficaces de planification graphique, d'ordonnancement et de contrôle des projets, il sera possible d'assurer une surveillance et une analyse continues de la planification et de la mise en application des décisions. Une pièce où s'effectuera le contrôle des projets a déjà été aménagée à titre de centre de pareilles activités.

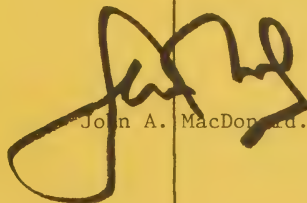
Date: January 22, 1971.
Le 22 janvier 1971

No: D/D-9

7. ORGANIZATIONAL RELATIONS "PROJECT RENEWAL" CHART

1. Form and Method of Operation. The attached ORGANIZATIONAL RELATIONS "PROJECT RENEWAL" Chart, Appendix "A", depicts the form of organization proposed for accomplishment of the Secretariat's functions. While such functions are shown as distinct entities for purposes of organization, the Secretariat will function much more as a single unit, without such sharp differentiation between the tasks and responsibilities of senior personnel and support staff. Relationships will be dictated more by the tasks at hand than by formal organization. As tasks will determine the operation of the Secretariat, its size and composition should be expected to vary with planning and implementation needs over the whole of the transition period between existing departmental operations and the ultimate implementation of the plan. The underlying concept is that of a project of finite duration, drawing primarily upon departmental resources as and when required during the life of the project.

Deputy Minister,



John A. MacDonnell.

7. ORGANIGRAMME DU "PROJET RENOUVEAU"

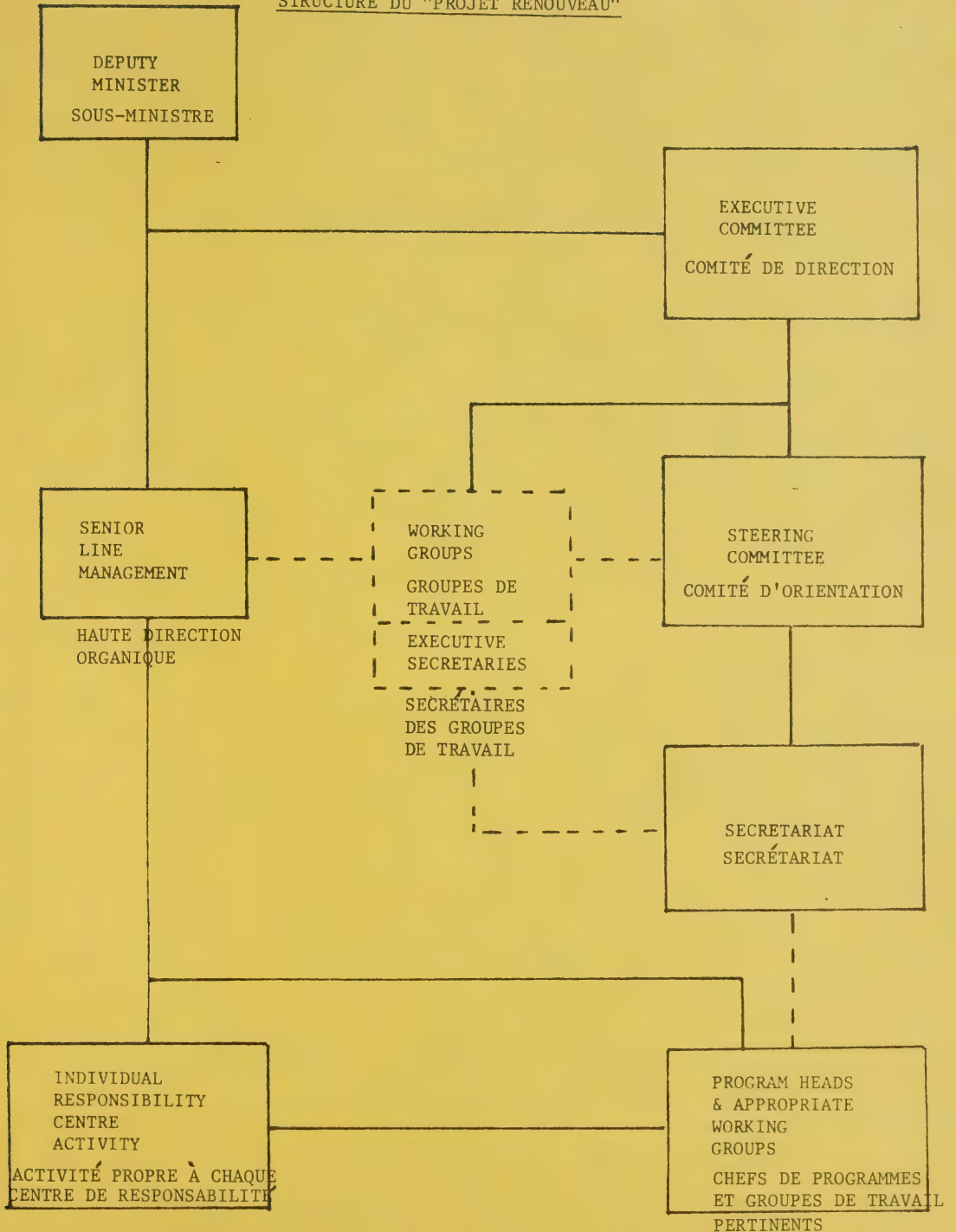
1. Structuration et modalités d'exploitation. L'organigramme ci-joint, Structure du "PROJET RENOUVEAU" (annexe "A") définit la structuration projetée qui permettra au Secrétariat d'exercer ses fonctions. Bien que l'on attribue à chaque fonction une entité distincte aux fins d'organisation, le Secrétariat fonctionnera plutôt à titre de groupe homogène, sans qu'il n'existe une différenciation marquée des tâches et des attributions des cadres supérieurs et du personnel de soutien. Les rapports s'établiront plutôt en fonction des tâches à accomplir qu'en raison d'une structuration officielle. Etant donné que les tâches détermineront l'exploitation du Secrétariat, il serait logique de croire que son effectif et sa composition varieront au besoin selon la planification et la mise en application à effectuer tout au long de la période de transition à partir de l'exploitation actuelle du Ministère jusqu'à la réalisation ultime de la planification. Le concept envisagé est celui d'un projet d'une durée limitée dont la réalisation fait essentiellement appel aux ressources du Ministère lorsque le besoin s'en fait sentir tant que dure le projet.

Le Sous-ministre,

ORGANIZATIONAL RELATIONS
PROJECT RENEWAL

APPENDIX "A"
ANNEXE "A"

STRUCTURE DU "PROJET RENOUVEAU"



PROJECT RENEWAL

PROJECT CONTROL SYSTEM

The Project Control System provides for the management of planning and implementation within the organizational framework set out in Executive Directive D/D-9, PROJECT RENEWAL.

PROJECT CONTROL SYSTEM

PURPOSE

The purpose of the PROJECT CONTROL SYSTEM is to provide a means whereby the Secretariat and Branch Groups involved in PROJECT RENEWAL can effectively discharge the following and other project control responsibilities:

1. Analyzing and evaluating activity status information and developing the necessary co-ordinative actions such as achieving a meeting of minds respecting project inter-relationships, priorities, rates of progress, and other matters of general concern;
2. Introducing and/or recommending to the Steering Committee corrections and modifications in time to bring operations into line with plans; and
3. Defining the plan of implementation for PROJECT RENEWAL.

DEFINITIONS

Progress in any large and complex undertaking can be facilitated by the acceptance and use of standard definitions. Accordingly, for purposes of project control, the words and terms in Appendix "E" attached, should only be used as defined.

NATURE OF PROJECT CONTROL

Project Control has developed as a significant part of Management control. It is the process of assuring that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives. Project control emphasizes the creative, educational and co-ordination benefits of system rather than the

traditional compliance of financial control. Under project control management commitment should largely replace compliance.

The detail of project control will depend upon the degree of monitoring desired, the complexity and interfaces of the projects and the length of time over which the projects will run.

With respect to PROJECT RENEWAL, creativity, education and co-ordination can be achieved in two ways through:

- a) personal contact, and written presentations, and
- b) the project control system.

The first type will be based on the personal direction of the Deputy Minister and through the direct efforts of the Assistant Deputy Ministers, applicable committees including the Executive Committee and the Steering Committee, Working Groups and the Director and staff of the Project Secretariat. The second type of control will be exercised by use of the PROJECT CONTROL SYSTEM, activity status boards, graphics and other techniques which will be of assistance to management and the Secretariat in ensuring that given projects and activities are being carried out in accordance with pre-determined plans. The responsibility for the successful completion of the tasks remains the responsibility of the individual manager assigned.

PROJECT CONTROL SYSTEM

For it to be successfully performed, the control function of PROJECT RENEWAL will require at Branch and overall levels amongst other things the existence of procedures, forms and other devices which will provide the basic information to be used to achieve the purpose stated

in the opening paragraph of this paper. Since it will be the responsibility of the functional branches to develop the processes to meet their internal needs, we are primarily concerned here with the devices which will be required in connection with the discharge of overall control responsibilities.

The PROJECT CONTROL SYSTEM requires input in various forms from the functional branches. Primary input into the system will be in the form of functional master plans and networks. This information will be supplemented as further refinements are made through the submission of project detail reports, project progress reports, and project amendment proposals. This information will be analysed by the Secretariat through the Project Control Group and the Secretariat Co-ordination Group and status reports and briefings as required will be prepared and directed to the Steering Committee or back to the functional heads as the situation warrants.

Additional information on control devices, including integration of control procedures, will be announced as the need arises. Meanwhile, the control system as outlined above, is seen graphically in the chart attached as Appendix "A".

Master Plans

The first of these devices are the functional Master Plans which will not only establish objectives, goals, and tasks, along with supporting projects and schedules, but also provide material for the use in the development of the overall Master Plan and the informing of the other areas of the Department. But more important from the point of view of

controlling, these plans will provide the basis for evaluating the overall plan for PROJECT RENEWAL and subsequently the extent to which progress is being accomplished according to the plan. For information, the Secretariat Control Group will integrate the functional master networks into an overall master network which will in fact be the schedule for implementation of the overall Master Plan. During the course of developing the overall master network, the Control Group will conduct analyses to detect critical relationships between projects not previously identified. These relationships will be incorporated in the overall Master Plan and as required, in the functional Master Plans.

Project Detail Reports (PDRs)

PDRs, see sample attached as Appendix "B", will be completed by the functional Branches on the basis of one form for each of the projects identified in the functional Master Plan or subsidiary documents. On their arrival in the Secretariat, the completed PDRs will be checked by the Planning and Co-ordinating Group for conformity with approved plans. If changes are required, these will be discussed with the functional staffs concerned; otherwise the completed PDRs will be passed to the Secretariat Control Group for use in updating networks and other records and for analysing and evaluating progress, adherence to plans and projecting results that should be achieved with specific quantities of resources. Where there is evidence that improvements can be made, the Control Group will bring the appropriate information to the attention of the Director and Planning and Co-ordinating Group

of the Secretariat for follow-up action as deemed necessary or desirable. Once agreed upon they serve as the manager's commitment to mobilize his resources and accomplish the task within the time frame. Detailed procedures for the completion of PDRs are appended to the sample at Appendix "B".

Project Progress Reports (PPRs)

PPRs, see sample attached as Appendix "C", will be completed by branches and forwarded to the Secretariat at intervals as stated by the latter organization. The processing of and follow-up on PPRs within the Secretariat will be handled in a manner similar to the Project Detail Reports. In addition, the Control Group of the Secretariat will prepare overall progress report for distribution to management as decided upon from time to time. The Control Group will also be expected to provide special project briefings as circumstances require. Procedures for the completion of PPRs accompany the sample at Appendix "C".

Project Amendment Proposals (PAPs)

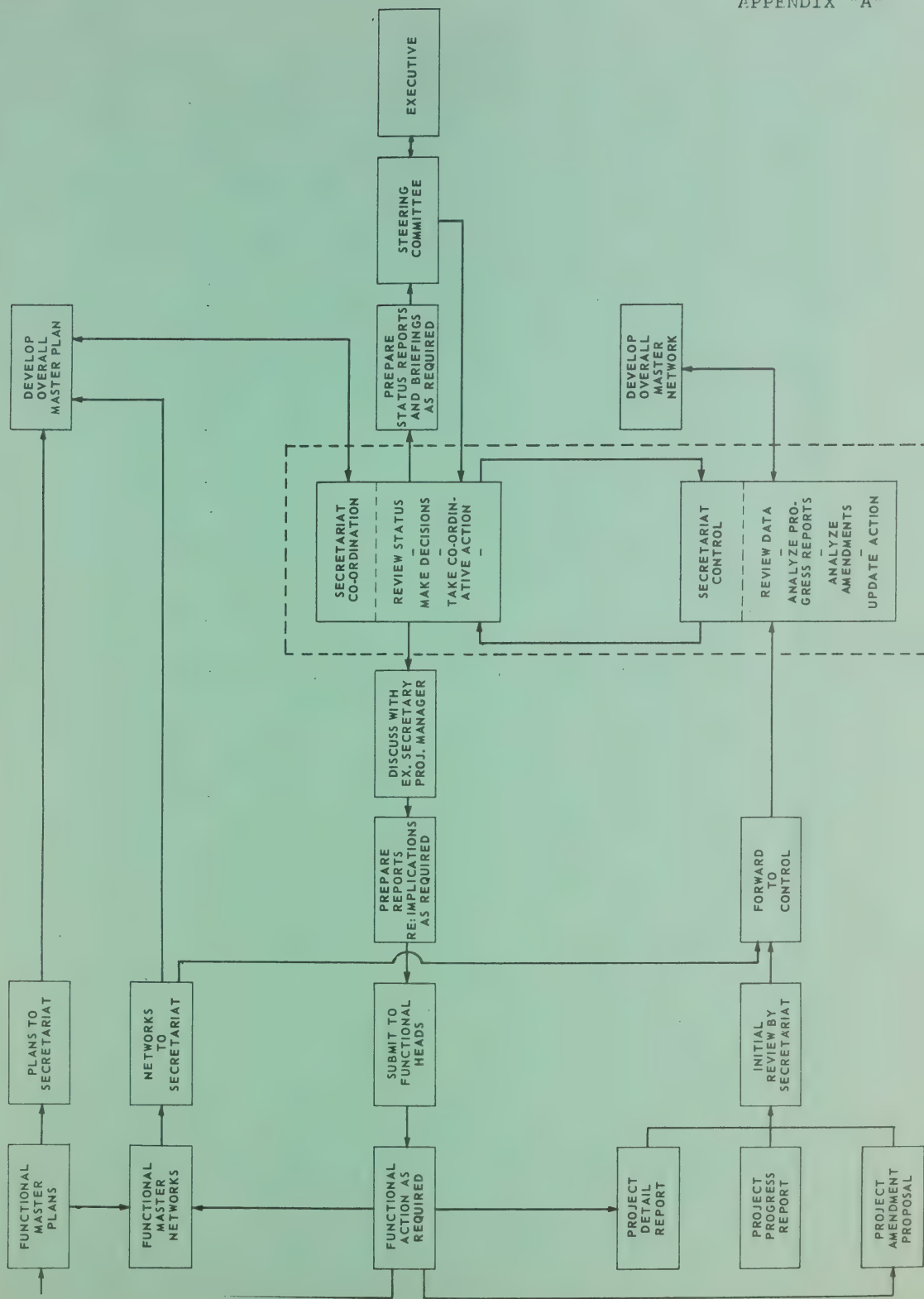
These forms, see sample attached as Appendix "D", will also be completed by the branches where there seems to be a need to change a project as described in the appropriate Project Detail Report. The proposed change, together with the branch's analysis of the implications of the change on other projects within and without the branch, will be forwarded to the Secretariat where the merits of the change will be considered from an overall point of view. If necessary, the Director and/or Planning and Co-ordinating Group of the Secretariat will meet with the functional staff(s) to discuss the change(s) and

where and when necessary, refer the proposal to the Steering Committee for direction or guidance. The changes, when agreed to, are the manager's new commitments. Procedures for the completion of PAPs are included with the sample at Appendix "D".

SUMMARY

Regardless of the classification of control or the techniques used, the main aim of managerial control as related to PROJECT RENEWAL, is to promote the creative development of an overall plan and its components, and the acceptance by management of its commitment to successfully complete the individual tasks. These laid down policies and procedures provide a framework within which project control will function to ensure pre-determined plans are accomplished and objectives obtained.

PROJECT CONTROL SYSTEM



Department of Public
Works of Canada

PROJECT DETAIL REPORT

1 - PROJECT TITLE

2 - NUMBER

3 - PROJECT INTERFACE

4 - PROJECT MANAGER

5 - REPORTING INTERVAL

6 - PROJECT DURATION:

START:

FINISH:

7 - DESCRIPTION

8 - MANPOWER REQUIREMENTS (MAN DAYS)

TYPE	AVAILABLE	ADDITIONAL REQUIREMENTS	TOTAL
1 _____			
2 _____			
3 _____			
4 _____			
5 _____			
6 _____			
7 _____			
8 _____			
9 _____			
10 _____			
TOTALS			

9 - COSTS

	PLANNING	IMPLEMENTATION	TOTAL
MANPOWER			
TRAVEL			
TRAINING			
CONSULTANTS			
OTHER			
TOTALS			

10 - PROJECT APPROVED BY

DATE

11 - ATTACHED NETWORK OF PROJECT DETAIL PREPARED BY

PROJECT DETAIL REPORT

Page 2

12 - PROJECT PLAN - NETWORK DIAGRAM - IDENTIFY CRITICAL PATH WITH EVENT DATES

[illegible]

PROJECT DETAIL REPORT

This report will be prepared by the functional branch for each project identified and forwarded to the Secretariat.

Section 1 - Project Title: A clear and concise means of identifying the nature of the project.

Section 2 - Number: The Project Renewal filing system has provided for the numbering of projects. A primary number will identify the functional area and a secondary number will identify the project. These secondary numbers run from 101 to 999.

e.g. Project Number "2050-101" will identify Project #1 in the design and construct functional area.

Section 3 - Project Interface: The identification of other projects which interface with the specific project under consideration. Where the other projects originate within the same functional area the Project(s) Number and the Event(s) Number are required to identify the precise point of interface. Where the other projects originate outside the functional area, it may be difficult to identify both the Project and Event Number, but the Project Number at least should be identifiable.

Section 4 - Project Manager: The name of the officer primarily responsible for the project.

Section 5 - Reporting Interval: This will indicate the frequency of progress report preparation. The interval will not be less than five (5) nor more than twenty (20) working days from date of commencement of work on the project.

Section 6 - Project Duration: To indicate the total elapsed time by identifying the "Start Date" and "Finish Date" of the project.

Section 7 - Description: A narrative outline in sufficient detail that would allow the reader to thoroughly understand the subject matter of the project.

Section 8 - Manpower Requirements: An estimate of Man Days of manpower necessary to carry out the project.

- 1) Type: The specific specialty required such as engineer, architect, consultant, secretarial or clerical etc.
- 2) Available: The number of man days of the specialist talent available for the project from within functional resources.
- 3) Additional Requirements: The number of man days necessary to carry out the project on schedule but not available from within existing functional resources.

Section 9 - Costs: The breakdown of the costs to be incurred in relation to the project.

- 1) Planning: All costs incurred up to the point of the completion of the Project Detail Report.
- 2) Implementation: An estimate of the costs to be incurred during the implementation of the project.

These costs are to be identified in five (5) categories:

- | | |
|-------------|----------------|
| 1) Manpower | 2) Travel |
| 3) Training | 4) Consultants |
| 5) Other | |

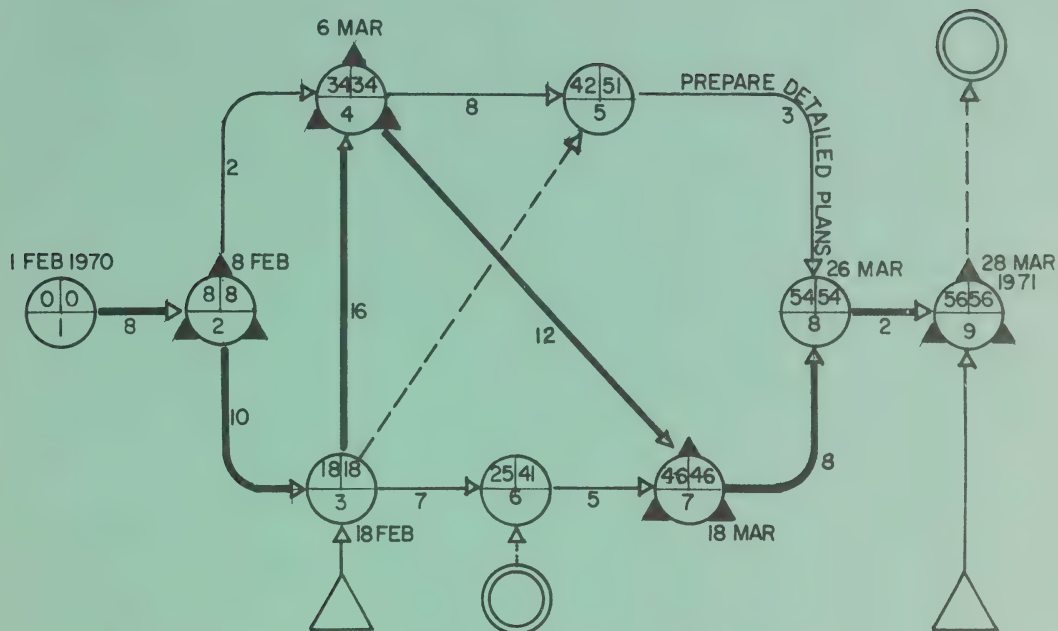
Section 10 - Project Approved By: The signature of the functional head or his representative authorizing the project and the date of authorization.

Section 11 - Attached Network of Project Detail Prepared By:

The name of the officer responsible for preparing
the network drawing.

12. PROJECT PLAN - NETWORK DIAGRAM

Example:



It is essential that there be a uniform approach to the construction of all Network Diagrams submitted as part of the Project Detail Reports.

With reference to the above example the following standard symbols and descriptions will be required as a minimum:

- a. Activity



- b. Activity description



- c. Activity duration
in days

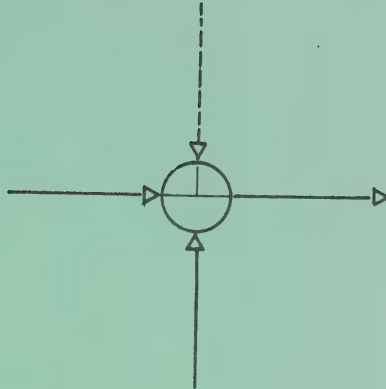


d. Dummy arrow



e. Event

f. Node



g. Milestone



h. Event number



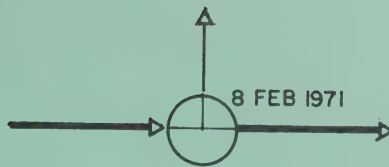
i. Earliest event time (T_E)



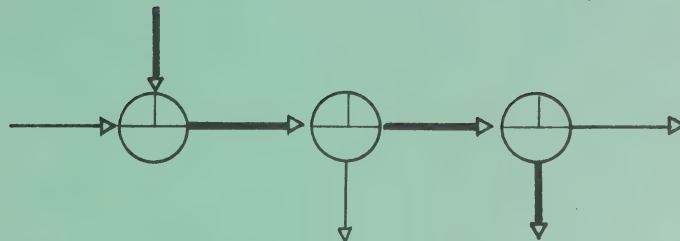
j. Latest event time (T_L)



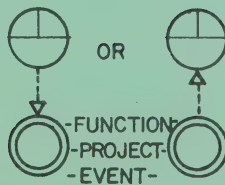
k. Event date



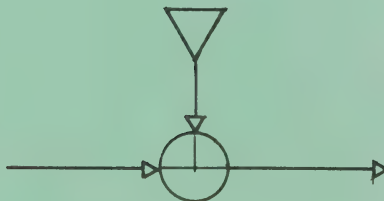
l. Critical Path



m. Interface
events/projects



n. Deadline



Detailed definitions of these and other terms appear in Appendix E.

Section 13 - Activity List: All project activities will be listed and identified by their event numbers and description. Event dates will be entered for all events on the critical path. The last column headed "Percent Complete On" will only be used when reporting progress on project implementation.

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PROJECT PROGRESS REPORT

1 - IDENTIFY PROGRESS BY ACTIVITY: (a) Indicate on duplicate copy of Network Diagram and attach.
OR (b) Indicate on an Activity Listing and attach.

2 - PROJECT TITLE

3 - NUMBER

4 - CURRENT STATUS

ON TIME ☐EARLY ☐LATE ☐

WILL NETWORK OR SCHEDULE CHANGE?

YES ☐NO ☐

IF YES, HAS REVISED PROJECT DETAIL REPORT BEEN PREPARED?

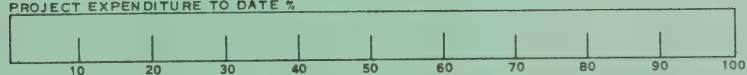
YES ☐NO ☐

5 - PROGRESS ANALYSIS

6 - COST ANALYSIS

PROJECT BUDGET \$

PROJECT EXPENDITURE TO DATE %



7 - PROJECT MANAGER

DATE

PROJECT PROGRESS REPORT

This report will be prepared by the functional branch at regular intervals as identified on the Project Detail Report and forwarded to the Secretariat.

Section 1 - Identify progress by activity: Either "A" or "B"

- a) Indicate on duplicate copy of network diagram by drawing a line through the activity arrows and noting the percent complete in each case.
- b) Indicate on an activity listing by entering the time percent complete for each activity in the appropriate column on the "Activity List"*

* (Page 3 of the Project Detail Report).

Section 2 - Project Title: See Project Detail Report

Section 3 - Number: See Project Detail Report

Section 4 - Current Status: Check (✓) the appropriate boxes to indicate the current situation. If the "On Time" box is checked the "Yes No" boxes may be left blank.

Section 5 - Progress Analysis: A narrative discussion on the current state of the project. Detailed information will be necessary if the "Early or Late" boxes in Section 4 have been checked. If the "On Time" box was checked, there is no requirement for a lengthy discussion.

Section 6 - Cost Analysis: A narrative discussion on the current situation regarding project costs. If the project is proceeding according to plan, no lengthy discussion is necessary. Detailed information will only be required if costs were under or over estimated.

- 1) Project Budget: The total dollar estimated cost for "IMPLEMENTATION" recorded on the Project Detail Report Section 9.
- 2) Project Expenditure to Date: The bar chart will be marked to indicate the percentage of budget expended at the time of the report. This may be done by simply drawing a line through the chart at the appropriate location or it may be shaded in.

Section 7 - Project Manager: The signature of the officer responsible for the project and the date of issue of the report.

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PROJECT AMENDMENT PROPOSAL

1 - PROJECT TITLE

2 - NUMBER

3 - PROJECT MANAGER

4 - CHANGE PROPOSED IN: CHECK (✓) APPROPRIATE BOX

☐ TITLE☐ NUMBER☐ INTERFACE☐ MANAGER☐ REPORTING INTERVAL☐ TIME FRAME☐ DESCRIPTION☐ MANPOWER☐ COSTS☐ NETWORK☐ SCHEDULE

5 - DESCRIBE CHANGE(S) AND PROBABLE IMPACT OR RESULT

6 - AMENDMENT PROPOSED BY

8 - REVISED PROJECT DETAIL REPORT
REQUIRED?

7 - AMENDMENT APPROVED BY

☐ YES☐ NO

PROJECT AMENDMENT PROPOSAL

This report will be prepared by the functional branch as required and forwarded to the Secretariat.

Section 1 - Project Title: See Project Detail Report

Section 2 - Number: See Project Detail Report

Section 3 - Project Manager: See Project Detail Report

Section 4 - Change Proposed In: A check mark will be placed in the appropriate box(s) to indicate the area of change.

Section 5 - Describe Change: A narrative discussion of what the change is, why it is necessary and what is likely to be the impact of the change. In the case of a proposed change to the project network or schedule all details must be provided.

Section 6 - Amendment Proposed By: The signature of the functional head or his representative authorizing the amendment proposal.

Section 7 - Amendment Approved By: The signature(s) of the approving authority to proceed with the proposed amendment. Approval may be given jointly by the functional head and the Director of the Secretariat. In cases where the Director of the Secretariat indicates the need for approval at a higher level, he will take up the case with the Steering Committee.

Section 8 - Revised Project Detail Report Required: The appropriate box will be checked by the approving authority. See Section 7.

STANDARD WORDS AND TERMS DEFINED

Network Analysis: A logical system designed to help managers plan, schedule and evaluate any activity or project regardless of type, size or duration.

Project: A discrete subdivision of a Functional Master Plan which has an identifiable sub-objective.

Project Duration: The time required to complete all activities in a project. The project duration will be reflected by the completion of the last activity on the critical path.

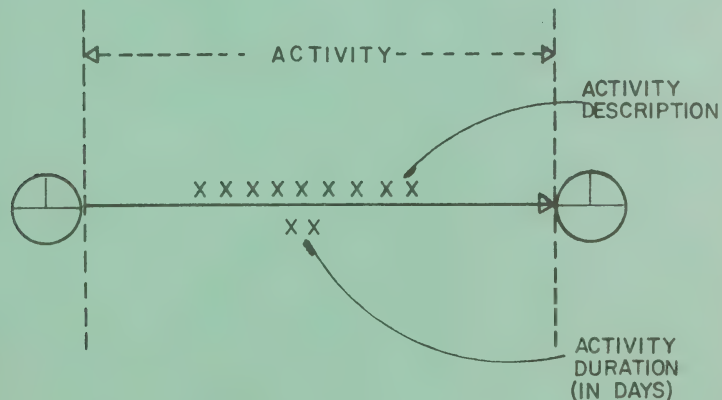
Planning: The process by which the problem or project is laid out into a logical sequence of arrows and nodes to represent its work sequence.

Activity: This is a discernable, time-consuming part of a project which requires resources and is the smallest unit of work in the project.

Activity Description: A short, meaningful title, describing an activity's work so that it will not be confused with another activity.

Activity Duration: An estimate of the time required to perform the activity, derived from a study of the activity and given by the most reliable source available.

Mechanics:



Controlling Activity: The controlling activity is the activity which is the latest to arrive at a node and thus carries the event time.

Dummy Arrow, Broken Arrow, or Logic Arrow: A dummy arrow is a dotted arrow of zero time duration used to transfer activity dependencies and relationships within a network diagram.

Mechanics:

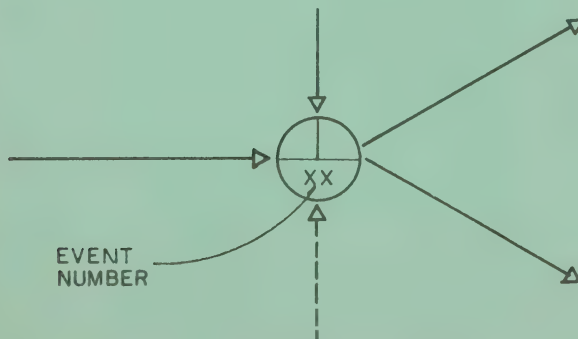


Event: An event is that point in time when all activities arriving at a node are completed, and the activities leaving can get underway. An event is a time function of a node. It may also be called a milestone depending on its importance.

Event Number: To keep the numbering system as simple as possible each project network will have events numbered sequentially, starting with "1". The event at an arrowhead must always have a higher value than the event at its point of origin. Interface events must show in addition a prefix identifying Function and Project.

Node: A node is the junction point of activity arrows. It is a mechanical property of the network diagram.

Mechanics:



Milestone: A meaningful, specific stage in the accomplishment of an objective. A milestone comprises one or more critical or important events.

Mechanics:



Earliest Event Time: The earliest time at which all activities arriving at a node are completed and the event takes place.

Mechanics:



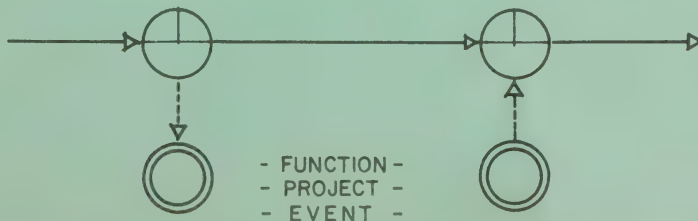
Latest Event Time: The latest time at which all activities arriving at a node must be completed or the project will be delayed.

Mechanics:



Interface Event: An interface event is an event common to more than one network. It shows the interrelationship, or tie-in from one network to another. In some cases interface events are used to point out a transfer of responsibility between functional groups.

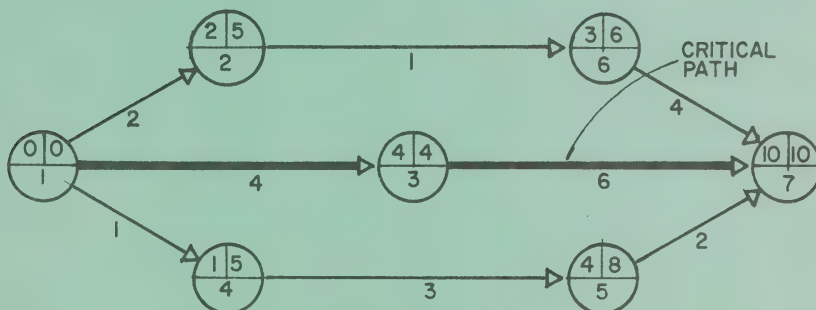
Mechanics:



Critical Path Method: The method of the project planning, scheduling, and controlling which uses the network representation and is deterministic in nature. Variations of this same method are known as Critical Path Analysis and Critical Path Scheduling.

Critical Path: The critical path of any project is that series of activities which indicates the most time-consuming path through the project.

Mechanics:



Float: The additional time, beyond the activity time estimate, in which an activity may be completed.

Refinement: The overlapping in time of two previously sequential activities by a modification of the original diagram logic.

Scheduling: The process by which the time element is applied to a network diagram and the critical path determined.

Scheduled Time: The resultant activity and event timings due to a time limitation imposed upon the project by management.

Deadline: A time limit imposed upon work. The deadline may specify the earliest start time, the latest finish time, or a fixed start or finish time of an activity or event.

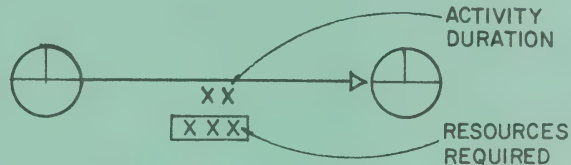
Mechanics:



Review: A phase in the implementation of a network diagram wherein all factors, aside from logic, time, and costs which have been included previously are brought into the plan.

Resources: People, money and material.

Mechanics:



Resource Levelling: The procedure of adjusting available resources in an attempt to meet requirements and determine additional needs.

Resource Sequence: The adjustment of the planned sequence to accommodate resource restrictions.

Normal Cost: The direct cost associated with an activity when it is done in the estimated most efficient manner.

Expediting: The reduction of an activity duration by the application of additional resources and money during the normal working time.

Updating: A procedure whereby current information on the progress of activities is shown on an arrow diagram.

OUTLINE
MASTER PLAN
FOR THE FULFILMENT OF THE
ROLE OF THE FINANCIAL ADVISER'S BRANCH

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PART I

INTRODUCTION

1. The purpose of this paper is to outline the master-plan for ensuring that the Financial Adviser's Branch is in a position by April 1, 1972, to carry out the role that has been assigned to it in the environment of the cost-price discipline and revenue dependency.
2. Right at the outset it should be made clear that this environment offers an exciting and stimulating challenge to accountants. Many accounting theorists, along with the authors of the White Paper on Taxation, are challenging the traditional concept of income. Other writers, such as Dean Ross of McGill and R. J. Chambers of Sydney, Australia, have questioned the utility of valuing long-term assets at historical cost. M.E.P.C. of Canada, in their annual report for the year ending September 30, 1969, doubted the relevance of present accounting techniques for the reporting of the financial results of Real Estate operations. The Canadian Institute of Public Real Estate Companies (CIPREC) are examining the accounting requirements of real estate companies. At the same time, the whole concept of the role of managerial accounting is under discussion, both inside and outside government. To a large extent the role of the Branch is being played on a stage where the scenery is still being put into place and the first act of the drama has still to be written. The opportunities for leadership in the field of accounting for real estate and for consulting services are open to the management of one of the largest real estate and consulting organizations in the world.
3. The proposed role of the Financial Adviser's Branch, which is set out in detail in Appendix A, may be summarized as comprising the following main functions:
 - (a) financial analysis of plans and projects;
 - (b) cash management, including forecasts of cash requirements;
 - (c) accounting, including the preparation of budgets;
 - (d) financial reporting to all levels of management and to outsiders.

4. In some respects, the new role of the Branch may appear to differ little from what it is doing at present. This would be an extremely superficial view. The environment of the cost-price discipline and revenue dependency changes the emphasis and relevance of the Branch's present role and alters radically its relations with line management. Under the present system the Department's operations are funded from a number of annual Parliamentary appropriations which may only be used for certain specified purposes. Expenditure authority only lasts for a year and the Departmental votes do not cover all the Department's costs, some of which are funded by other agencies. The amount of funds made available to the Department is based on an estimate of the departmentally incurred cash outlays for carrying out certain functions. The Departmental managerial budgets are set on the basis of anticipated cash outlays within the Department's overall spending authority. Under these circumstances the prime purpose of expenditure recording has been to ensure that Parliamentary spending authority has not been exceeded and there has been a tendency, on the part of some managers, to spend to avoid lapses of funds which could affect the following year's estimates. Cost ascertainment has tended to be a somewhat barren exercise one of whose objects has been to provide ammunition for those engaged in inconclusive battles over the efficiency of the Department compared with outside enterprise.
5. In the new environment, however, the Agency will operate out of one fund and within revenues based on rates charged in the private sector. It will have to meet all costs attributable to the operations and not just those provided for within the present appropriations. The consequences of this situation are:
 - (a) the identification of the revenue-source becomes the method of establishing expenditure capacity rather than the vote-wording or other external legal or quasi-legal authority, and no operations can be undertaken unless revenue is to be earned or costs covered. Whereas the Financial Adviser's Branch (and before it, the Comptroller of the Treasurer) had a key part in the interpretation of authorities and expenditure limits, now these matters will be decided on the basis of the identification of the revenue-source, a task which is more properly handled by line management;

5. (Cont'd)

- (b) cost identification becomes the basis of cost control rather than expenditure-limit-cum-authority ascertainment, and it ceases to be a somewhat esoteric exercise conducted by accountants. The profitability of activities can only be assessed when the costs are known, and a manager can only estimate the amount of the controllable resources he can devote to a project when he knows what the fixed charges are. In addition, under the new system, line management will be more concerned with the flow of costs rather than the flow of cash (i.e. with the incurring of costs rather than the paying of the bills);
- (c) the nature of capital budgeting is changed, when the funds for capital projects are provided out of revenues. Once investments have been approved on the basis of their profitability, the ability to proceed with them depends on the ability of the Agency to provide the cash. In future the Agency's concern will be to see that cash is available for capital projects rather than vice-versa.

Subsequent sections of this paper indicate in greater detail the effects of the changed environment. The above has, however, emphasized that with the change to revenue-dependency the Branch's role has become more closely intertwined with the line operations and more relevant than before.

- 6. The work that has to be done to prepare the Branch for its role has been identified and divided into a number of projects, the responsibility for the performance of which has been assigned, or will be assigned, to project leaders working under the direction of the Financial Management Plan Co-ordinator whose task is to see that the Branch is ready to assume its proper role by April 1, 1972. Most projects are related to only one of the functions noted above, but some will, of course, cover more than one aspect of the Branch's role.

7. Delay in the introduction of the cost-price discipline to certain parts of the Agency will have no effect on the total task of preparing the Branch for the role, and the projects would remain unchanged. The scheduling of projects as proposed here is based on complete change to the new role by April 1, 1972, and would, of course, have to be modified if the date were changed.

Generally speaking, the scheduling of the projects follows the order of their importance, but in many instances less important tasks are scheduled for completion at a comparatively early date because of their lack of complexity and because it is envisaged that in the period January 1, 1972 - March 31, 1972, there will be enough to do with ensuring that the important is in place without having to take account of the less important parts of the total system. As far as priorities are concerned the Agency cannot perform credibly or creditably in its new role on April 1, 1972, unless the following have been accomplished:

- (a) client departments have included sufficient funds in their 1972-73 Estimates to pay the Agency for its services;
- (b) the Agency has been provided with appropriations to cover those functions, if any, which are not to be subject to charging;
- (c) the total costs attributable to the Agency have been defined, and quantified and a method of paying them has been devised;
- (d) a mechanism has been established for collecting revenues and recovering costs.

These priorities are unaffected by any decision to phase the introduction of the cost-price discipline.

8. The above tasks are indeed, so urgent, that the following steps have already been taken to make sure that they are accomplished:
 - (a) in conjunction with the Accommodation Planning and Land Service Branches a policy for revenue from lands and buildings is being discussed. This will eventually result in the establishment of up-to-date records of space occupancy;
 - (b) projects have also been mounted for the establishment of a cost-data basis for 1970-71, for the definition and allocation of overhead and for the creation of an accounting system for professional and technical services.

9. These projects are described in greater detail later in this paper, but it should be emphasized now that unless they are completed in time the Agency will neither have the revenues with which to function nor the cost information by which to measure needs or performance.
10. In describing a master plan drawn up for the performance of the Branch's role it is only proper that the major part of this paper should set out the projects that have to be performed by the Branch. It is however, obvious that the work of preparation can only be carried out in the closest cooperation with, and through the involvement of, line managers at all levels. Whether it be the definition of reporting requirements, cheque signing authority, or budget preparation, every aspect of the Branch's work has an impact on line management which must be consulted at every turn. Further many of the projects cannot be completed until systems to be developed by other Branches are in place and the most important of these other systems have been identified. In addition care must be taken that a proper interface is assured between the financial information sub-system and the overall management information system. The following paragraphs which set out the steps that have to be taken to complete a project make the point even more clearly.
11. In logical sequence the completion of a project involves the following processes, although, in fact, it is often possible to develop details even if policy has not been finally determined:
 - (a) definition and approval of policy. This process will almost always involve rulings that must be sought from outside the Branch and progress is dependent on decisions taken by other Branches and on the closest cooperation with them. It is envisaged that many of the rulings to be obtained from the Treasury Board and other central agencies will come through the Implementation Committee. There will, however, be a number of instances in which position papers must be prepared within the Branch or in which the Branch will negotiate directly with the central agency. The rulings to be sought outside the Branch, but within the Agency, will also often involve the preparation of papers and the negotiation of agreements.

11. (Cont'd)

It will be observed that all of them to a greater or lesser degree entail clarification at the earliest date of the Agency's mandate.

- (b) development of methods. This process entails the concept of the methodological framework within which the defined policy should be carried out. It is closely related to the elaboration of the detailed procedures and it depends greatly on the policy which governs the whole function or part of a function of the Branch's role. Methods cannot, however, be devised without the contribution of line management since they must closely conform to operational exigencies and organization facts;
- (c) elaboration and writing of procedures. This consists of the detailed working out of the agreed methods. In some cases it may be possible to write up procedures even before methods have been fully defined, e.g., the control of bank accounts will involve much the same procedures whether imprest bank accounts are used or a central account only is maintained;
- (d) implementation of procedures, including the allocation of their performance to individuals. The methods of implementation will vary from project to project. In some cases pilot schemes will be introduced; in other cases, the procedures will be presented to local offices by means of teams travelling out of Ottawa; in yet other instances, instruction will be provided at teach-ins to be held in Ottawa during 1971. The establishment of the organization for carrying out the procedures, the allocation of duties to present staff and the filling of new positions are integral parts of the implementation plan.

12. Part III of this paper describes the projects to be undertaken and more detailed plans are laid out in the accompanying appendices. Part IV will outline the time-frame within which the tasks are to be carried out. In Part II the general considerations, concepts and assumptions underlying the plan are set out, along with some comments on the organizational needs of the Branch both for performance of its future role and for the implementation of the plan itself.

PART II

GENERAL CONSIDERATIONS, CONCEPTS AND ASSUMPTIONS

13. There are many deficiencies in the present accounting and financial reporting system which must be remedied and many modifications that must be effected before the Agency is, in a financial sense, ready to meet the challenges of the cost-price discipline. The description of the projects which follows in Part III will indicate where these deficiencies are. As might be expected, they lie in the areas of revenue identification, full cost ascertainment and reporting to local management. Fortunately, the basic system is sound enough to accomplish the Department's functions within the limits of the present methods of Government Accounting. Estimates are prepared, bills are paid properly and accounts are collected for work done on behalf of other government departments. Generally speaking, in the areas of disbursements' control and recording, of procedures for forecasting cash and budgetary requirements and of obtaining funds from other departments for work undertaken on their behalf, it is not envisaged that fundamental changes or major modifications will be required. The system in effect after April 1, 1972, will be largely an evolution from what has gone before.
14. Even if major changes in the present system were necessary, it is doubtful if they could be put into effect in the time available. The additions to the present system are numerous enough to engage the attention of all the available resources and priority should be accorded to making existing systems work better rather than to designing totally new methods. Further, in the last few years the accounting staff has been subject to a number of bewildering and only half-understood changes in procedures and many of the personnel have not been very long in their present functions. These factors make an evolutionary rather than a revolutionary approach the only practicable one.
15. There is a surprising and gratifying consensus among the financial community within the Department on the type of preparations that have to be made. The master-plan presented here does not pretend to advance anything particularly new, it merely acts as a catalyst for the putting into practice of ideas that are, for the most part, shared by the majority of the Financial Adviser's staff.

16. In the immediate future two of the most important tasks to be carried out are the improvement of the functioning of the present system, particularly in the area of cost recording and of accounting for work done on behalf of other government departments, and the rationalization of the use of financial staff. Work has already begun in improving the cost-data base for 1970-71 and steps have been undertaken to ensure a better coordination of the efforts of accounting staffs.

17. So far the emphasis has been on the better functioning of the existing system with the use of a fully coordinated Financial Adviser's staff, and this may suggest a complacent approach to the challenge of 1972. This would be misleading. The aim of the plan is to create an accounting and financial reporting system which is a model of excellence. It is the intention that the Agency's methods of financial statement presentation should be examples to be imitated, should determine reporting standards for the real estate business as a whole, and should be models of illumination rather than obfuscation. The financial system should be capable of producing a wide range of internal managerial reports, superior to those in use elsewhere and the costing methods should set the pattern for the industry. At the same time, it is intended that the accounting environment of the Agency should reflect the fact that for the professional accountant with ideas, with experience and with ability, a Crown-owned enterprise is the place where the action is. In short, it is the object of the plan to meet the financial management challenges of the new environment which are every bit as exciting as those in the areas of construction, design, realty management and building management.

PART III

TASKS TO BE ACCOMPLISHED

18. The projects listed in this section have been drawn up under the following assumptions:
- (a) the Agency will begin to charge for all its services on April 1, 1972, whatever its status. Most of the projects listed here would have to be undertaken even if the Agency were to remain a Department operating with a Revolving Fund.
 - (b) the Financial Adviser's Branch will provide a common accounting and financial reporting service to all branches of the Agency, regardless of the operating autonomy which each Branch may enjoy;
 - (c) major policy rulings from control agencies will be obtained through the Implementation Committee.

In addition it is anticipated that with the exception of certain Headquarters units and of certain overhead functions supplied by support branches such as Finance, Personnel and Planning and Systems each Branch may be self-sufficient, meeting its own costs out of the revenues derived from outsiders or from other branches of the Agency.

The following Appendices summarize various facets of the projects:

- | | |
|------------------------|-----------------------------------|
| Appendix B (i) - (xii) | Plans of Action for each project. |
| Appendix C | Manpower Requirements Summary. |

19. Financial Analysis of Plans and Projects

Basically, the provision of a capacity for financial analysis is a matter of organization rather than of the development of policy, methods and procedures, and for this reason no special project has been provided for this function. The precise nature of the Branch's role in this area depends to a large extent on the relationship with the Planning and Systems Branch. But it is envisaged that, broadly speaking, the Branch will be responsible for the cost-analysis of individual projects which are to be undertaken in fulfilment of an approved plan. At the

19. (Cont'd)

same time, if some of the existing staff of the Branch are transferred to Planning and Systems, replacements may have to be found. To get the right classification for the position and to recruit the right incumbent are time-consuming processes, and the lack of an officer in this area could impede the present performance of the Branch. It is important, therefore, to note that even in this case action must be delayed until decisions are made outside the Branch and an additional task is added to the total workload involved in the implementation of the master-plan.

Cash Management (including Forecasts of Cash Requirements) - Plan of Action - Appendix B (i)

20. When the Agency is operating within the cost-price discipline, its sole sources of cash will be its revenues (including recoveries of costs) and loans from outsiders (probably only the Treasury Board in the first years). The Agency will have to ensure that cash is available to meet operating and capital expenditures, and in order to do so, it may well have to use the revenues derived from one locality to meet payments arising elsewhere. Similarly cash generated by the endeavours of one program may be used to meet the disbursements required for another program. In short, there will be one fund which can be used to make payments for any purpose, regardless of the source from which the funds were derived, except insofar as appropriations may be provided for certain specific functions.
21. It should also be noted that there will be a difference between the flow of costs, which includes non-cash items such as depreciation, and the flow of cash which includes all receipts and all capital expenditures. Although the profitability of the Agency will be measured by financial statements which include accrued revenues and expenditures, the liquidity of the enterprise and the ability to meet its obligations depends on good cash management.
22. As far as the preparation of budgets is concerned, projections of operating results will be based on the cost-flow. Cash forecasts will form the basis of the forecast statements of Source and Application of Funds which Treasury Board and Agency management will require and which will largely replace the present capital votes for expenditures in capital projects.

23. In addition to this, provident management of cash-flow can reduce financing costs and can yield additional income in the form of short-term investments in the C.R.F. of funds not being used at once for operations. It can also probably sustain a larger rate of capital investment in proportion to the availability of cash than does the present system, where capital expenditures are limited by the amount of the vote, the unspent portion of which lapses.
24. Deleted
25. Cash management involves two closely interrelated tasks: - control of cash-flow, including long-term and short-term cash forecasting; custody and control of cash, including banking arrangements. The project has been divided into two sub-projects to be coordinated by an overall Project Manager. It is estimated that the total project will take 17 man-weeks.
26. The ability of the Branch to begin introducing a total system is conditional upon the determination of policies covering inter alia the following matters:
- (a) the use of surplus funds;
 - (b) the sources of loans and the terms and conditions on which the Agency may invest its surplus cash in the C.R.F. or elsewhere;
 - (c) Deleted.

26. (Cont'd)

(d) Deleted.

(e) the maximum amount the Agency can borrow from the C.R.F. at any one time.

Most of these policies will be determined in the course of the discussions on the Agency's mandate to be conducted by the Implementation Committee, but some of them will require direct resolution in the Branch.

General Ledger and Chart of Accounts - Plan of Action - Appendix B (ii)

27. When the Agency begins to operate within the cost-price discipline in the same fashion as a private enterprise, it will have to maintain a General Ledger record of its assets and liabilities and revenues and expenditures in order to produce financial statements comparable with those demanded under the Canada Corporations Act. At present, the Department possesses detailed records of disbursements and some records of revenues and cost recoveries, but apart from this, there are no formal financial records of assets and liabilities, and many expenditures are either not recorded suitably or else not recorded in the Department's books at all.
28. It is probable too that the present system of appropriation accounting is more cumbersome than is required for the Department's own needs inasmuch as each district and region keeps its own records of expenditures by object, cost centre, etc., which must be reconciled periodically with similar records maintained centrally. It is possible that a system of accounting could be developed by which each local office would be responsible for the details of its expenditures records, while only the gross expenditures, made on its behalf by Headquarters, would be recorded by Headquarters, with the details being recorded locally. This example is used to illustrate the complexity of the interrelationship between Headquarters and the local records that must be examined.

29. At the same time, the relationship between the detailed cost accounting records and the General Ledger accounts must also be studied. For cost accounting purposes it will be necessary to maintain records by cost centre, but this will not be required for General Ledger purpose, although both systems must, in total, produce the same results.
30. From the accounting point of view, the importance of this project is self-evident. The need for proceeding with it speedily is due to the following four factors:
 - (a) the required accounts must be identified early so that, in the case of asset and liability accounts in particular, appropriate procedures can be developed and an adequate basis can be established;
 - (b) the establishment of the General Ledger accounts creates the framework within which the total accounting system should fit;
 - (c) early experience must be gained in the operation of Headquarters and subordinate offices' accounting systems if an adequate system is to be in operation by April 1, 1972;
 - (d) in addition, dollar values must be established for asset and liability accounts at an early date.
31. But it must be emphasized that the form of the General Ledger cannot be determined until rulings have been obtained from outside the Branch on the financial status of the Agency under the Financial Administration Act and on the organizational relationships of the Branches to one another and of Ottawa to the Field. In addition, the ability to write up long-term asset records depends on the completion of appraisals and the development of an up-to-date and reliable inventory of lands and buildings. Despite this, the need for a General Ledger is deemed to be so urgent that model ledgers will be designed to cover all the possible organizational relationships, so that as soon as these are known, immediate steps can be taken to mount a pilot project. It is estimated that this project will take 94 man-weeks.

Revenues and Accounts Receivable - Plan of Action - Appendix B (iii) (A) - (J)

32. It was stated earlier that one of the major consequences of the change to an environment of revenue dependency is that the ascertainment of sources of income and cost recovery becomes as important as the ascertainment of the authority for making expenditures is under the present system. Under the system of revenue dependency, in the long run, costs should be adjusted to revenues. The corollary of this is that no costs should be incurred which cannot be attributed to a service that is supplied to a customer who is prepared to pay for it. Whereas the customer or client for most of the services which the Department supplies can be easily identified, there are nonetheless a number of operations (mainly those, such as that of Accommodation Standards, which are carried out for a control agency) where the identity of the customer is doubtful and agreement has to be reached on the department which should be paid for the service.
33. The financial management problems of architectural, engineering, and other advisory services have tended to receive less attention than has been devoted to the accounting for lands and buildings. In this area a complete accounting and forward planning capacity has to be developed and it is this factor which gives added importance to the whole task of the development of revenue and accounts receivable systems. This project enjoys the highest priority since it is obvious that without assured revenues, which are properly accounted for, the Agency cannot function.
34. Methods and procedures for the recording and collection of revenues due to the Agency can be devised easily enough and they will be based in many cases on existing practice. The main work in this area lies in the volume of the records that have to be established and of the communications that have to be entered into with client departments. Most of this work, such as the calculation of fair market rental rates, is clearly not the task of the Financial Adviser's Branch. On the other hand, communication of billings to the client departments and the establishment of accounts receivable ledgers are large clerical tasks for which the Branch is responsible but which cannot be accomplished until other clerical tasks have been completed by other Branches of the

34. (Cont'd)

Department, such as the updating of space occupancy records, the drawing up of lease agreements and the making of contractual arrangements for building management fees.

35. The identification of revenue sources and the determination of the charging base are affected at every turn by rulings which must be sought from the central agencies either directly by the Branch or through the Implementation Task Force in the clarification of the Agency's mandate. Some of the rulings may involve changes to existing Treasury Board regulations. Revenue derived from housing is a good example of this, where the basis of charging must be revised and the method of collecting revenues must be changed. The need to present clients with timely, logical and defensible billings and the necessity for ensuring that the Agency's revenues are provided for in departments' 1972-73 estimates make it imperative that the clerical work associated with space occupancy, with the accurate recording of accounts receivable, etc., be done in sufficient time to permit line managers to check departmental billings before they are sent out.

If clarification of the Agency's mandate is delayed unduly, it is difficult to see how all the work that has to be done can be adequately performed in order to ensure that funds are provided to the Agency out of departmental 1972-73 estimates.

36. Some steps have already been taken in these areas. A policy for the accounting for lands and buildings is being drafted in cooperation with the Accommodation Planning and Land Service Branches and will be shortly presented to the Executive Committee. The establishment of the cost-data base for 1970-71 should throw light on the amount of work done at the request of tenants over and above normal lease requirements and the 1971-72 estimates data should clarify this further. A project has also been mounted for the design of an accounting system for the types of professional and technical advisory and consultative services provided to the Department. All this, however, is recognized to be only the beginning of the task of identifying and determining the charging basis for revenues attributable to:

36. (Cont'd)

- (a) Provision of accommodation, leased and Crown-owned.
- (b) Building management.
- (c) Land management.
- (d) Housing.
- (e) Extra-lease services for tenants (tenant alterations and tenant services).
- (f) Professional, technical and advisory services.
- (g) Marine services (dry docks, dredging, etc.).
- (h) Transportation services (e.g. bridge and roads maintenance, operation and repair).
- (i) The Testing Laboratory.
- (j) Miscellaneous (e.g. cafeterias, manufacture of bag-racks, provision of ambulance and other services in Northern areas, ceremonies).

37. This project, to which a very high priority has been assigned (see para. 33) has been divided into ten sub-projects. The number of man-weeks required for the whole project is estimated to be 288. The total system will be introduced in October to December 1971, but client departments must be provided before July 31, 1971 with sufficient information to ensure that their 1972-73 Estimates include money to pay for the Agency's services. Unless space inventories, records of space occupancy, market research on tenants' extra-lease demands are adequate this cannot be done.

Long-term Assets (including Long-term Receivables) and Depreciation Policy - Plan of Action - Appendix B (iv)

38. The term 'long-term assets' includes not only land and buildings but also mechanical equipment of all types, including dredgers and motor vehicles, and any type of thing which the Department uses for its operations and which has a useful life of more than one year. The close connection between the valuation of these assets and depreciation policy is, of course, due to the fact that depreciation is the amortization of the recorded value of long-term assets against the revenues which they help to earn. Besides this, asset valuation has, of course, another importance since it provides the basis for the calculation of land-rentals and it helps to establish the amount of costs that the Agency may seek to recoup on cost-recovery arrangements.

39. It will be appreciated that as of April 1, 1972, the Agency will in an accounting sense, be making a fresh start and that, in consequence, as of that date, values must be established for all the assets that will be taken on charge. If the Agency is not to be burdened with costs which were incurred for uneconomic reasons or as a result of poor decisions, fair and equitable values must be agreed upon. At the same time, certain types of assets may well be regarded as forming the capital of the Agency while others may be regarded as having been financed through loans. In addition, if the Agency is to be judged by the ability to manage real property by the criterion of securing the highest and best use of land, it must be judged on the basis of present day values, rather than of historical costs. All these factors argue for the use of current values as the basis of valuation of lands and some buildings at April 1, 1972.
40. The number of properties to be appraised cannot be estimated until the Agency's mandate has been agreed upon. The type of appraisal to be used will also be the subject of negotiations with the Treasury Board along with the basis of property valuation. Only then can the work of updating the property inventories and assigning values to property begin. The Financial Adviser's Branch has the task of recording asset-values in the books of account and this, like the task of appraisal, is a laborious and time-consuming task.
41. Even in the case of equipment, where the Agency does not depend on external rulings, the clerical work involved in recording values is considerable.

42. So far, the discussion has centred on the opening values of assets, but consideration must also be given to the methods by which changes in asset values should be recorded. Conventionally, this is done by amortizing the cost (or opening value) of the asset over the years of its estimated useful life. There is, however, a school of accounting thought which disagrees with this and which considers that long-term assets should be revised to reflect current or fair value. The practice of many real estate operators would indicate that this method would be more useful than the conventional use of historical costs. In this exciting area, therefore, research is necessary to establish a policy which will ally good theory with sound practice.
43. As a technical problem, too, it will be noted that hitherto depreciation has never been recorded formally in the Department's accounts. Procedures have to be designed for seeing that this is done and thought has to be given to the extent to which depreciation can be calculated centrally or locally. Six man-weeks of senior time have been estimated for this project.

Expenditure and Accounts Payable - Plan of Action - Appendix B (v)

44. It is, of course, well known that the main concern of Government Accounting has been to ensure that no payments are made without authority - authority which expires each year. The funds available to departments are tied to certain purposes specified by Parliament (votes) or the Treasury Board (allotment) and funds provided for one purpose may not be used for another purpose. This situation has led to the creation of controls which attempt to ensure that goods and services are paid for out of the funds made available for the year in which they were received and that no liability for payment is incurred unless funds are known to be available to meet it. These controls, which have their own validity in the context of appropriation accounting, equate the flow of costs with the flow of cash and frustrate rational accrual accounting.
45. In the post-Glasscoera attempts have been made to impose a cost accounting and accrual system on top of what is essentially a cash management exercise. The result has been that cash budgets have been devised for small units for whom a cost budget would have been more appropriate and

45. (Cont'd)

that accrual budgets have been formulated which bear eloquent testimony to the budget-maker's mastery of the twelve-times table but to little else. At the same time, in some cases, insufficient use has been made of the Treasury Board's relaxed control of allotments in order to devise budgets that would provide cash to responsibility centres which could be used to pay the expenditures incurred against approved budgets.

46. Perhaps the area of greatest confusion has been that of capital expenditures. Funds are provided by Parliament to meet estimated cash outlays on projects which have not been started in many cases. These estimates are made many months ahead of the date on which outlays are to be made. To worsen the situation, commitment control requirements force, or appear to force, the Department to restrict the incurring of expenditures to the difference between the total appropriation and the sum of actual and committed expenditures. The Government Accounting environment thus sometimes inhibits, or appears to inhibit, the intelligent use of funds.

47. The abolition of appropriation accounting will bring a breath of fresh air to the accounting of expenditures. As noted above, the Financial Adviser's Branch will manage the flow of cash to pay accounts while line management concentrates on the role of controlling costs and the cost-flow. Capital expenditure reporting becomes more clearly seen as a device for recording progress, controlling project costs and (only incidentally) forecasting cash requirements. At the same time the use of accounts payable accounts and accrued liability accounts makes it easier to reflect actual and estimated costs in the monthly statements provided to management. Commitment control records can then be consigned to where they belong - which is a memorandum of foreseeable payments to be included in cash forecasts.

48. As regards those payments made by others for the Department against the Department's appropriations, it is intended that, for the present, the Agency will not attempt to administer payrolls or superannuation. D.S.S. will be asked to continue to provide these services since they are being performed adequately at present and since there is enough to do without

48. (Cont'd)

adding burdens that do not have to be borne. For all this, the Agency's right to provide its own services in these areas should, perhaps, be established, and it is envisaged that in 1972-73 it may be deemed advisable to assume the function of the performance of them.

49. It should be added that no great difficulty is foreseen in devising procedures for controlling expenditures, recording accounts payable and the like. Of course, expenditure control procedures cannot be fully developed until the organizational relationships of the Agency have been determined. In 1971-72, greater advantage should be taken of the relaxation of allotment control by Treasury Board to simulate as far as possible the situation which will exist in 1972-73. It is intended that the concepts of a system should be agreed upon at the November Conference and that procedures should be tested in early 1971. In some respects the problems associated with the establishment of expenditure control are neither grave nor pressing, although it must be borne in mind that certain functions such as the making of progress payments depend on tendering and contracting procedures which may have to be revised. It is felt that action can be taken now to resolve them since they do not depend on the determination of policies to the same extent as certain other aspects of the accounting complex.

50. There is one area of accounting on which agreement will have to be reached with the Treasury Board, namely, the extent to which the Agency will be liable for contingent liabilities in respect of such items as retroactive pay adjustments or adjustments of Government contributions to superannuation. There may well be other instances such as disputes over goods and services provided or received prior to April 1, 1972. The time allowed for this project is 33 man-weeks.

Cost Accounting - Plan of Action - Appendix B (vi)

51. There is little need to emphasize the importance of a cost accounting system, except to point out that outside the Accommodation Program the present system is gravely deficient. It should be noted that cost ascertainment will also lead to the identification of sources of revenue, since no costs should be incurred except in order to earn revenue.

51. (Cont'd)

Fortunately, the basis for an adequate system of cost accounting already exists, and it is possible, indeed, that it is more elaborate in some respects than is really needed since expenditures are recorded in a variety of ways the significance of which is not always readily apparent. It is intended that as far as possible the present coding system should be left unchanged and that coding should be subjected to a long-term examination with a view to the introduction of substantial modifications in 1973-74 at the earliest. The reasons for delaying alterations are as follows: a new coding system must take into account the new organization and role of the Agency; it must be introduced only after those responsible for coding have been reasonably trained; experience in the proper operation of the present system is required before an adequate diagnosis can be made of its defects. An examination of the coding system has already been established as a long-term project but it is not described in this paper since it is not intended to implement it before April 1, 1972.

52. The present cost accounting records are, however, based entirely on the annual cash outlays incurred by the Department. Modifications must be put into effect which will permit the introduction of costs incurred by other departments on our behalf and of depreciation charges and other costs which do not involve cash outlays. At the same time the system must be adapted to permit the distribution of the costs of overhead, ancillary services such as heating, and indirect charges generally. A study has already been mounted for the examination of overhead charges and the reporting date for it is December 31, 1970. The Cost Accounting Project will take an overview of all the inputs into the cost accounting system and will devise procedures for the distribution of the total costs of heating plants and workshops. Adequate cost accounting techniques must also be developed for Professional, Technical and Advisory Services and perhaps for the Marine and Transportation programs.

53. As indicated previously, a review of the 1970-71 cost data base has been undertaken and it has been determined that the highest priority should be given to the accurate recording of cost information. Present procedures are being reviewed and in the last quarter of 1970 instructions will be given to all local accounting offices on the proper coding of costs. Once again, it must be emphasized that good cost accounting forms the basis of comparison with private enterprise, constitutes the best means of assisting managerial performance and, in some instances, will determine the costs to be recovered. Unless the Agency can enter 1972-73 with a good cost system it will not be able to function adequately, and such a system can, of course, only be developed in cooperation with line management. It is estimated that this project will take 144 man-weeks to complete.

Municipal Taxes - Plan of Action - Appendix B (vii)

54. It is probable that the Agency will assume the responsibility for the payment of grants-in-lieu of taxes and, even if that were not the case, it would still be essential to know the amounts paid in respect of each property if the Agency is to function within the cost-price discipline. Although the major part of the task consists of the designing of procedures for recording the grant applicable to each property, from the financial point of view, there is one other major matter of policy which has to be decided. In many cases the grant-in-lieu of taxes, may be less than the municipal tax levyable on the property because the Crown is not making use of certain municipal services. To the extent that these services are provided by other government departments it is arguable that reimbursement should be made to them in the amount of the difference between the grant and the leviable tax.
55. It is foreseen that the detailed nature of the task and the delay that may ensue in getting the policy questions settled make it desirable that an early start should be made on this project which should be completed by June 30, 1971. Four man-weeks have been allowed for this project, the bulk of the required clerical time having been allowed for in the Cost Accounting Project. It should be noted that a major task to be performed by other Branches is that of the calculation and assessment of the grants payable.

Relations with Department of Supply and Services - Plan of Action - Appendix B - (viii)

56. The Department of Supply and Services is statutorily bound to provide the Department with the following services which the Department in its turn has to use:
- (a) bulk purchasing of materials and equipment;
 - (b) cheque-issue (properly a service provided by the Receiver-General under the Financial Administration Act);
 - (c) payroll administration;
 - (d) superannuation and pension administration.

As a by-product of (b) and (c) the Department of Supply and Services provides the Department with various machine-runs that serve as records of costs, disbursements and revenues. No charges are levied at present by D.S.S. for any of these services but, as will be noted in the E.D.P. project (see para. 66 below) consideration is being given to the production of these reports by machines under the control of the Agency.

57. As mentioned above it is intended to continue the use of D.S.S. for payroll and superannuation administration in 1972-73. The right of the Agency to opt out of these services may well be sought as part of the general clarification of the Agency's mandate to be obtained by the Implementation Committee. Assuming that this right is obtained, a project will be mounted to investigate the economic feasibility of using D.S.S. for all or any of the services which it now provides as a matter of legal obligation. Ten man-weeks, it is estimated, are required for this project. Any such studies should take account of existing and planned personnel procedures.

Budgeting - Plan of Action - Appendix B (ix)

58. Present budgeting procedures will be considerably affected when the Agency is freed of the restrictions imposed by the Estimates Process, and it will be possible to prepare budgets suited to the various levels of management more simply than is the case at present. As noted above there will be a distinction between operating and maintenance budgets, cash budgets (Source and Application of Funds) and long-term investment plans. It will also be neither feasible nor desirable to budget for the operating results of each Branch in the same way. It is envisaged that

58. (Cont'd)

for 1972-73 there will be a requirement for operating and capital budgets similar to those submitted by Schedule C Corporations under the terms of the Financial Administration Act. The Department will be faced with an onerous task in 1971-72 as it makes the transition from the present budgetary cycle to the new system. '

59. The foregoing relates mainly to the type of budgets submitted by the Agency to the Treasury Board. The budgets required at lower levels of management may well have to be struck for 1972-73 in an interim form in accordance with the organizational patterns that are decided upon in 1971-72. It is probable that more radical changes in the internal budgetary cycle will not emerge until 1972-73 in preparation for 1973-74.

59.(a) There is such a close connection between the last round of the present budgetary cycle, the transition to a budgeting system suited to the Agency's status, and the development of a new system, it has been proposed that modifications to the existing systems should be treated as a project within the overall master-plan, although no additional man-weeks are proposed for it.

59.(b) Aside from the distinctions between operating budgets (based on annual cost flow), source and application of funds forecasts (based on cash flow) and capital budgets (based on investment plans), one other change in budgeting philosophy should be mentioned here. Market analysis of demand for the Agency's services will provide the starting point for the operating and capital budgets. The procedures for this analysis can only be developed by other Branches.

Reporting - Plan of Action - Appendix B (x)

60. The work that has to be done to collect financial data has been outlined and it now remains to discuss the work that has to be done to assure that the data is presented to decision-makers in a usable form and that managers have the information they require. It is recognized that many line managers consider this to be the weakest area of the Branch performance, and the need to provide a better service in the reporting and analysis of financial information has been catered to in

60. (Cont'd)

the Organizational Plan. It is also fully realized that more varied reports are required and that one type of report will not suit all levels of management in all programs. In addition some types of financial information such as that relating to costs per square foot are probably best provided in the form of statistical series. This work of improvement cannot, of course, be carried out in isolation. There must be a continuing dialogue with line management concerning their requirement for information, with both sides contributing suggestions for improvements.

61. The project for defining reporting needs at all levels must be carried out simultaneously with all the projects because there is a close relationship between the collection of information, the requirements for data, and the methods by which data are collected and assembled. It is intended that this project should limit itself to an overview of the inputs into the reports and a definition of reporting needs. This work will be carried out in the closest liaison with the working group that has been established to review Management Information Systems.
62. It is envisaged that reports, probably different in nature, will be required at at least the four following levels of management:
- (a) Treasury Board and Parliament;
 - (b) Executive Committee;
 - (c) Headquarters Heads of Line Operations;
 - (d) Local Managers.
63. The nature of the reports to be furnished to the Treasury Board and Parliament has policy implications because the published financial statements of the Agency will have a bearing on the image that it creates with the public in general, with Parliament and the accounting, real estate and financial communities in particular. Although there is no great urgency with this aspect of the problem at present, it is desirable that careful thought should be given to the principles on which financial reports should be prepared and on the manner in which they are presented.

64. The reporting needs of the Executive Committee are being catered to at present and there is no point in establishing a special project or sub-project to deal with this at the moment. It is important, however, that any modifications to the present system should not prejudice the development of other aspects of the reporting system. More important, it is essential that requests for information for the Executive Committee should be satisfied within the existing reporting system.
65. The requirements of Headquarters line managers and local managers can eventually only be settled when it is known what their responsibilities will be. In the meantime it is important to establish a continuing dialogue with the existing line managers in order to improve present reports as a basis for the future. Instructions have already been issued to Regional Chiefs of Finance and Administration to this effect and it is intended that further discussions should be held at the November Conference. At the same time, a review is being undertaken of the machine-produced statements currently in use. Fourteen man-weeks are allowed for this project.

E.D.P. Requirements - Appendix B (xi)

66. Most of the data that will be collected by the new systems will be processed and stored by computer. Many of the financial reports and statistics required by managers will be produced mechanically. It will, therefore, be necessary to consider very carefully what (in the financial area) the E.D.P. facilities available to the Agency should produce and also which E.D.P. facilities should be used. There are many grounds for believing that it would be more economical and more convenient to use E.D.P. resources other than those provided by D.S.S. and the feasibility of using them should be examined. At the same time care must be taken to ensure that full use is made of existing data that is available for use through present E.D.P. reports. Twelve man-weeks of mainly senior time are budgeted for this project.

Organization - Plan of Action - Appendix B (xii)

67. Probably the most important requirement for April 1, 1972, is the existence of an adequate organization and it is, of course, true that unless a good organization is in place the best of systems and procedures will not work. The new organization at Headquarters may well have to provide for increased facilities in the areas of accounting systems development, of report definition and of the analysis of financial reports. It is anticipated that the Financial Adviser's Branch, through a strengthened capacity at Headquarters, may be required to exert a more dominant role in the production of uniform data requirements and in the attaining of quality input standards than has perhaps been the case in the past. An increased capacity for financial reporting and analysis would remedy deficiencies in this area. The fact that, with centralized computer facilities, it is possible to produce many types of managerial reports in Ottawa to suit the ascertained needs of the field is an additional argument for this type of increased capacity.

68. Ideally, the new organization should be in place by April 1, 1971, but this will, of course, not be possible since the Agency's field organization will not be finally determined until the early Spring of 1971. It is hoped, however, that through continuing liaison with the relevant task forces it will be possible to design a field organization in the Summer of 1971, which should be in place before the end of 1971. Once again, it is necessary to emphasize the extent to which the Branch's rate of progress is determined by that of elements external to it. Mainly due to the time involved in preparing job descriptions, classifying positions and recruiting staff, 66 man-weeks are allowed for this project.

PART IV

IMPLEMENTATION

69. The preceding part outlined the work that had to be done to enable the Branch to fulfil its role. It now remains to describe how the task will be accomplished, and this will be analyzed under the following headings:

- (a) Statement of Priorities
- (b) Methods
- (c) Organization for the Execution of the Plan
- (d) Timing.

Statement of Priorities

70. To be operational in April, 1972, the Agency must have ensured that client departments have provided for Agency services in their 1972-73 Estimates, that costs will have been defined and quantified, and that a mechanism exists for the collection of revenues. In addition, an effective organization must be in place to operate the system; indeed, this must be the sine qua non of any master plan. In line with this approach, the highest priority has been accorded to those projects that deal with revenue accounting and with costing. The ability of the Agency to collect revenues for its services affects its financial viability, and the manner in which it collects them will have an effect on the image it creates for itself in the mind of its clients. The financial success of the Agency cannot be gauged unless all costs are known and, more important still, cost identification is the obverse side of revenue identification, for no cost should be incurred unless there is a revenue source to meet it. If equal priority does not appear to be accorded to organizations in the timing this is because of the constraints that inhibit the development of a field organization before the Summer of 1971.

71. As has already been pointed out there are a number of constraints on the Branch's ability to proceed very far with revenue accounting procedures - particularly in the areas of determining the charging base for certain services and of deciding which part of the Agency will be responsible for negotiating sales of services to its clients. The importance of this part of the overall task lends urgency to the need for settling the policies but should not provide an excuse for failing to do what can be done.
72. In the field of cost accounting, certain steps have already been taken and there are fewer constraints on the Branch's ability to proceed with needed improvements. The timing of the projects takes cognizance, therefore, of what can be done in the revenue accounting area within the constraints imposed by others, and what must be done in the cost accounting field without any outside constraints.

Methods

73. The following methods will be used: information, improvement, initiation of pilot schemes, introduction of total systems and implementation.
- (a) Information - All Financial Adviser's Branch staff will be kept informed of the progress of projects, of the master-plan and of the concepts that lie behind new procedures that are to be introduced. The intention is that when the final stages of implementation are reached in October to December 1971, members of the Financial Adviser's Branch will be implementing concepts and methods with which they are already familiar and to the design of which they have contributed. At least three conferences are planned between now and September 1971; one in November 1970, at which the master-plan will be discussed; a second in March or April 1971, when the first pilot scheme will be the main topic; a third in August 1971, when the final total system will be introduced. Frequent newsletters, visits to local accounting officers, informal seminars at Headquarters are examples of other methods which will be employed to ensure knowledge and participation on the part of all members of the Financial Adviser's Branch.

73. (Cont'd)

- (b) Improvements - in the performance of existing procedures. The key to the provision of adequate cost-data lies in the better execution of the present coding system. Until costs are coded properly financial statistics are unreliable. Steps have already been taken to improve performance in the area of cost-data collection.
- (c) Initiation - of systems through a pilot scheme. A pilot scheme covering those elements of the new system which can be developed in time will be mounted in one local office where efforts will also be concentrated on improving the performance of existing methods. The pilot scheme should be in operation for at least three months before the results can be analyzed and the lessons drawn from them can be incorporated into the total system.
- (d) Introduction - of the total system. It will not be possible (or necessary) to subject all parts of the total system to pilot scheme testing and in some cases, such as the recording of certain hitherto unrecorded assets, local offices will have to begin the writing-up of records well in advance of the introduction of the total new system. But, generally speaking, it is intended that the new elements of the system will be introduced to local offices as a total package.
- (e) Implementation - of new procedures will be closely monitored and a period of three months has been allowed for this part of the process.

Organization of the Co-ordinator's Group

74. From the work that has been done so far it is evident that the tasks of clarifying policy, of devising new methods, writing procedures and introducing and implementing new ones cannot be carried out except by people who are working full-time on them. Preferably they should be working on projects away from their normal offices, as otherwise it becomes difficult for them to devote their whole attention to the work that has to be done. It is intended to establish a unit under the direction of a Co-ordinator of Financial Management Planning to undertake the projects listed in Part III above. This unit will be divided into three groups, each consisting of three officers. One group will deal with Revenues

74. (Cont'd)

and Accounts Receivable Projects and Sub-projects. The second group will concern itself with Expenditures, Accounts Payable, Cost Accounting, and Municipal Taxes. The third group will handle Cash Management, The General Ledger, Relations with Department of Supply and Services and the remaining projects, apart from Organization. All three groups will cooperate in the introduction of the total system in October to December 1971.

75. The group leaders who will be drawn from staff presently with the Department will work permanently with the unit to be reabsorbed either by their parent office or at Headquarters. Intermediate and Junior officers may either similarly serve permanently with the unit or may be seconded temporarily as required.

Timing

76. (a) Phase I - to November 30, 1970

- (i) Revenue sources will have been identified. (Gp.I).
- (ii) Development of accounts receivable and billing procedures will have been begun. (Gp.I).
- (iii) Work will have been commenced on the design of an accounting system for Professional, Technical and Advisory Services. (Gp.I).
- (iv) Local accounting offices will have been provided with clarification and instructions on the coding of costs. (Gp.II).
- (v) General Ledger chart of accounts will have been designed and design of procedures will have commenced. (Gp.III).
- (vi) Work will have been started on the definition of overhead. (Gp.II).
- (vii) All of the above matters will have been discussed at the November Conference.

76. (Cont'd)

(b) Phase II - to March 31, 1971 Initiation of pilot scheme

- (i) Preparatory to introduction of pilot scheme the following methods and procedures will have been developed:
 - (a) Billing and accounts receivable for all revenues other than fees for Professional, Technical and Advisory services. (Gp.I).
 - (b) Cost distribution methods and procedures for all costs. (Gp.II).
 - (c) Preparation of asset and liability records. (Gp.III).
- (ii) Time records will have been introduced across the country. (Gp.I).
- (iii) Work will continue or commence on the following:
 - (a) Definition of Agency's financial status. (Gp.III).
 - (b) Preparation of detailed land and building asset records. (Gp.I).
 - (c) Development of expenditure and accounts payable procedure. (Gp.II).
 - (d) Definition of relations with Department of Supply and Services. (Gp.III).
 - (e) Definition of E.D.P. requirements.
 - (f) Development of cash management procedures.
 - (g) Budget preparation methods.
 - (h) Definition of reporting requirements.

(c) Phase III - to October 31, 1971

- (i) Analysis will have been completed of the pilot scheme covering:
 - billing and accounts receivable procedures. (Gp.I)
 - total cost accounting. (Gp.II)
 - maintenance of asset and liability accounts. (Gp.III).
- (ii) Agency's financial status will have been defined. (Gp.III).
- (iii) Asset records will have been established. (Gp.III).
- (iv) E.D.P. requirements will have been defined. (Gp.III).
- (v) Cash management procedures will have been developed. (Gp.III).
- (vi) Field organization will have been developed. (Gp.III).

76. (Cont'd)

(d) Phase IV - December 31, 1971

- (i) Introduction and implementation of total system by all three groups.
- (ii) All organization in place.

77. Deleted

SUMMARY

78. The object of the master-plan presented here has been to describe the steps that must be taken to ensure that the Financial Adviser's Branch is able to fulfil its role in the areas of financial analysis, cash management, general accounting and financial reporting. In particular the Branch must aid the Agency to ensure that revenues are available in departmental Estimates 1972-73 to pay for its services and that costs are adequately defined and quantified. In addition an adequate organization must be in place to perform the Branch's role.
79. The basic system for paying bills and recording expenditures is sound enough and the intention is to adapt the present system rather than design a completely new one. Steps are being taken to improve performance in the area of cost-data collection. It is also intended to continue to make use of Department of Supply and Services for bulk purchases and payroll and superannuation administration. However, considerable additions are needed in the area of accounting for revenues and the introduction into the system of certain costs that are not now being recorded.
80. At the same time, it must be pointed out that much of the Branch's preparatory work can neither be begun nor completed until the Agency's mandate has been defined. In addition there are certain tasks such as the appraisal of land and buildings or the verification of space occupancy which must be completed by other Branches before this Branch can complete its work of preparation.

81. It is intended that the work and preparations should be organized by a 9-man unit under the direction of a coordinator and it is estimated that the total task will take 688 man-weeks. It is the Branch's belief that this work can be done and that by December 31, 1971, an organization and system will be in place which will reflect the Branch's aim, namely to be a model of excellence in the areas of accounting for real estate management and consulting services.

ROLE OF THE FINANCIAL ADVISER'S BRANCH

This Role is as follows:

1. Participation in the development of Agency plans through:
 - (a) analysis of investment, equipment acquisition, operating and other expenditure proposals, with special emphasis on:
 - (i) the financial implications of plans;
 - (ii) the feasibility of, and the assessment of the cost of, funding plans;
 - (iii) the provision of funds from Department of Finance, Treasury Board, Government Departments and the private sector for approved plans including the selection of resources and the negotiation of financing short, medium and long-term, and plans for the repayment of obligations.
 - (iv) the adherence of plans to established guidelines concerning return on investment.
 - (b) contributing proposals for planning, innovations and improvements arising out of the work experience of the Branch;
 - (c) participation in the Executive Committee's formulation and approval of plans (both the Financial Adviser himself and his staff will contribute to the formulation of plans with the Planning Group), and in the planning process.
 - (d) Participation in the development and approval of major projects that are part of previously approved plans and policies, both through membership of the approving committee and through the provision of financial data and analysis.
2. Preparation of long-range and short-range cash forecasts and of long-range and short-range cash budgets, and ensuring (through negotiation with agencies outside the organization, where necessary) the availability of funds.
3. Management of cash including: reduction of financing costs, collection of amounts due to the organization, phasing of disbursements, administration of banking facilities or imprest funds, and issue and signing of cheques (assuming authority given for this to the organization).

- 4 Preparation and presentation of Agency budgets to the Agency's Executive Committee and to Treasury Board and advice and direction on the preparation of financial plans and forecasts including budgets, and the establishment of budgetary controls and systems.
5. Comment to the appropriate levels of management of budgets, with special emphasis on costing and adherence to financial plans of the total organization.
6. Advice to the appropriate levels of management on the adapting of approved budgets to meet changed conditions.
7. Preparation and presentation to Treasury Board and Parliament of such financial statements prepared in accordance with sound accounting practice as may be required, including such ad hoc statements as may be requested.
8. Maintenance of appropriate accounting records and systems (including cost-accounting), and establishment of procedures to ensure the collection of authorized revenue, the proper disbursement of funds, the accurate recording and discharge of liabilities and the safeguarding of assets (including inventories and equipment) and the collection and storage of all pertinent cost and other financial data.
9. The development, after continuing review, of appropriate accounting systems to meet the changing and varied needs of all parts of the Organization.
10. Conduct of an internal audit service.
11. Preparation and analysis of financial and statistical reports and data in accordance with sound and current accounting and managerial practice, including the interpretation of trends and variances so that the required action is indicated and the analysis of break-even and profitability of planned and existing operations.
12. Development, after continuing review, of reporting requirements in the light of their contribution to the total Management Information Systems.

13. Application of appropriate advanced statistical, mathematical and operations research techniques to all aspects of the functions of the Financial Adviser's Branch including cost allocations, budgets, forecasts, analysis of plans, inventory and resource management generally.
14. Provision to all levels of management of such ad hoc financial reports and analyses as may be requested and of such ad hoc forward-looking analyses and reports as may be felt to be of assistance to management.
15. Relations with Auditor-General (or external auditor).
16. Conduct of relations with the financial and accounting community, both in Government (Federal, Provincial and Municipal) and industry.
17. Development of accounting and financial expertise throughout the Agency, including accounting research and education.
18. Formulation and execution of policies regarding insurance and municipal, provincial and federal taxes.
19. Recommendations to Executive Committee and the Personnel Adviser on policies regarding employee loans, memberships, travel, entertainment at Agency expense and related matters.
20. Management of material, including arranging for purchasing and, with the advice of line management, the determination of inventory levels.
21. Advice on the financial aspects of contract administration including tendering and on all legal or quasi-legal agreements.
22. Provision of services for the administration of payroll, superannuation, group life insurance, disability insurance, health care, workman's compensation, unemployment insurance and other employee shared benefits.
23. Provision of advice to all levels of management on any matter of financial and accounting policy and of comments to the President of the Agency when generally accepted accounting principles are not being followed.

SUMMARY OF

APPENDIX B

- (i) CASH MANAGEMENT -
 - Sub-project A - Cash Flow
 - Sub-project B - Cash Control
- (ii) GENERAL LEDGER
- (iii) REVENUES AND ACCOUNTS RECEIVABLE -
 - Sub-project A - Revenues from Crown-owned Lands and Buildings
 - Sub-project B - Revenues from Leased Lands and Buildings
 - Sub-project C - Building Management Fees
 - Sub-project D - Land Management Fees
 - Sub-project E - Revenues from Housing
 - Sub-project F - Cost-recovery of Tenants' Extra-lease Requests
 - Sub-project G - Fees for Professional, Technical and Advisory Services
 - Sub-project H - Marine Services
 - Sub-project I - Transportation Services
 - Sub-project J - Miscellaneous
- (iv) LONG-TERM ASSETS AND DEPRECIATION
- (v) EXPENDITURES AND ACCOUNTS PAYABLE
- (vi) COST ACCOUNTING
- (vii) MUNICIPAL TAXES
- (viii) RELATIONS WITH DEPARTMENT OF SUPPLY AND SERVICES
- (ix) BUDGETING
- (x) REPORTING AND FINANCIAL STATISTICS
- (xi) E.D.P. REQUIREMENTS
- (xii) ORGANIZATION

PLAN OF ACTION

CASH MANAGEMENT

Cash management involves two closely inter-related tasks. First, the manipulation of cash, including handling and forecasting the cash-flow. Second, the custody and control of cash, including banking arrangements, issue of cheques and proper recording of cash disbursements. The Project is, therefore, divided into two sub-projects, to be coordinated by an over-all Project Manager.

SUB-PROJECT A - Cash Flow

POLICY

(a) External rulings

- (i) Treasury Board concurrence must be sought for the Agency to use its surplus funds instead of paying them into the Consolidated Revenue Fund;
- (ii) Agreement must be sought from Treasury Board and the Department of Finance on the sources of loans available to the Agency and on the terms and conditions under which its surplus funds may be invested in the Consolidated Revenue Fund, or put out to earn interest elsewhere.
- (iii) Maximum amount that may be borrowed from the Consolidated Revenue Fund must be determined.

(b) Internal rulings

- (i) A decision must be given on the extent to which cash generated by one branch may be used to fund the operations of another branch;
- (ii) The extent to which intradepartmental transactions constitute sources of cash must be determined, and the question of whether or not intradepartmental business is to be settled by means of cash transfers between branches must be decided.

METHODS AND PROCEDURES

Answers must be found to the following questions:

- (a) how are the long-term and short-term cash-flows to be forecast?
- (b) how is central management to be kept informed of the cash in hand?
- (c) how will the appropriate levels of local cash-funds be determined?
- (d) what facilities are required for the analysis of short-term investment opportunities?

IMPLEMENTATION

The rulings to be sought from the Treasury Board should be obtained in the course of the general clarification of the Agency's Mandate, to be undertaken by the Implementation Task Force. Lack of these rulings does not, however, prevent the Agency from developing cash flow procedures. The intra-departmental rulings require speedier resolution.

It would be desirable if a model cash flow system could be established by April 1, 1971, so that experience could be gained in handling cash-flow and investment of surplus funds. Until, however, the volume of cash inflow can be better determined (i.e. when rental income, clients' cost recoveries, etc., are better known) it is considered that this exercise would lack reality. The target date for the introduction of a model system is, therefore, October 1, 1971. It should be noted that as far as cash outflow is concerned the Department already has a system of forecasting disbursements to which improvements are constantly being made. The methods and procedures for cash forecasts in the post - April 1, 1972 era will, therefore, be based on the present methods, the review of which will be completed by June 30, 1971.

MANPOWER REQUIREMENTS

MAN-WEEKS

Preparation of position papers and negotiations of agreements with external agencies	1
Formulation of internal rulings	1
Review of cash expenditure forecast methods and procedures	1
Review of cash receipt forecasts	1
Preparation of modified procedures	2
Implementation and explanation of procedures	2
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	8
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RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

None.

SUB-PROJECT B - Cash Control

POLICY

(a) External Rulings

(i) Deleted.

(ii) Deleted.

(b) Internal Rulings

(i) The extent to which cheque-signing authority should be provided to local managers.

(ii) The types of managers to whom cheque-signing authority should be given.

(iii) The extent to which each self-accounting Branch should handle its own banking facilities.

METHODS

Answers must be found to the following questions:

(a) Should all cash be handled through one central fund? or should use be made of imprest funds? and, if so, what type of imprest fund?

(b) How should levels of imprest funds be determined?

(c) How should Headquarters be kept informed of cash on hand and how often?

(d) Who should look after cheques?

(e) What bank reconciliation procedures are needed?

(f) How should imprest funds, if any, be reimbursed?

(g) How should the levels of the funds be altered?

(h) How should cash expenditures be recorded?

(i) How should cheques be ordered and how much time is required for their production?

PROCEDURES

Procedures must be written to cover the following processes:

(a) Cheque custody

(b) Bank reconciliations

(c) Reimbursement of imprest funds

(d) Recording of cash disbursements and cash receipts

(e) Reporting to Headquarters.

IMPLEMENTATION

There may be little point in proceeding with the development of methods and procedures until the policy questions relating to external agencies have been settled. But decisions on these points affect the progress of other projects and it is essential that they be resolved by the end of the Phase II of the master-plan, i.e. March 31, 1971. On the other hand, the procedures required for the handling of bank accounts are easy to devise since many models exist. It is intended, therefore, to proceed with the drafting of procedures and the formulation of internal policies on the assumption that the Agency will have full authority for the issue of cheques and the control of banking and that no use will be made of D.S.S. for these purposes. This will allow plenty of time for the negotiations of arrangements with banks, if required, for the ordering of the necessary supplies and the writing-up of procedures. At the same time, a last minute rush for the development of procedures while more important matters are being solved, will be avoided.

MANPOWER REQUIREMENTS

MAN-WEEKS

Preparation of position papers and negotiations re external agencies - including work in relation to other projects affected in the rulings	3
Internal policies	2
Methods and procedures	4
	<hr/>
	9
	<hr/>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

None.

PLAN OF ACTION

GENERAL LEDGER

POLICY

(a) External Rulings

NONE

(b) Internal Rulings

- (i) The organizational relationships between the Field and Headquarters.
- (ii) The organizational relationships between the Branches of the Agency.
- (iii) The degree to which each Branch is to be financially viable in conformity with (ii) above.

METHODS

- (a) Design charts of accounts to cover the following possibilities:
 - (i) Each operating Branch is regarded as an entity which generates revenues from services it provides to others inside or outside the Agency: and it makes a contribution to the total financial viability of the Agency.
 - (ii) The Agency is regarded as an operation divided into a number of separate local sub-agencies each of which contributes to the total financial liability of the Agency.
 - (iii) As in (i) above, and each Branch has sub-branches in the field, each of which is self-sufficient.

PROCEDURES

Procedures must be written to cover the following processes:

- (a) The recording of information in the appropriate accounts.
- (b) Recording of the amounts in the ledger.

IMPLEMENTATION

By mid December 1970 the organizational relationships of the Branches will be sufficiently clarified to permit the choice of one of the General Ledger models that will have been discussed at the November 1970 Conference.

PLAN OF ACTION

¹REVENUES AND ACCOUNTS RECEIVABLE

In view of the importance of the project and the magnitude of the work involved it has been divided into sub-projects each dealing with a separate source of revenue.

PLAN OF ACTION

The following sub-projects have been established:

- A - Revenues from Crown-owned Lands and Buildings.
- B - Revenues from Leased Lands and Buildings.
- C - Building Management Fees.
- D - Land Management Fees.
- E - Revenues from Housing.
- F - Cost-recovery of Tenants' Extra-lease Requests.
- G - Fees for Professional, Technical and Advisory Services.
- H - Marine Services (dry-docks, dredging, etc.).
- I - Transportation Services (bridges and road construction).
- J - Miscellaneous.

SUB-PROJECT A - Revenues from Crown-owned Lands and Buildings

POLICY

(a) External rulings

- (i) Definition of Agency's mandate with regard to the management of lands and buildings.
- (ii) Basis on which client departments are to be charged for their occupancy of Crown-owned lands and buildings.
- (iii) Basis on which property-values are to be recorded in the accounts of the Agency.
- (iv) Determination of the disposition of the proceeds of sold property.
- (v) Terms and conditions of lease agreements with clients.

¹N.B. Revenues include cost-recoveries.

(b) Internal rulings

- (i) Determination of which Branch "owns" property, and of whether Field offices "own" property.
- (ii) Determination of extent to which the Branches responsible for Accommodation will be entitled to the revenues attributable to it.
- (iii) Determination of who handles lease arrangements with clients, both locally and in Ottawa.

METHODS

Answers must be found to the following:

- (a) How will Financial Adviser's Branch be kept regularly informed of the amounts due from clients under agreements?
- (b) Should revenues due under agreements be collected and billed centrally or locally?
- (c) How will the paying officers of client departments be kept informed of the amounts due to the Agency?

PROCEDURES

Procedures must be written to describe the following processes:

- (a) the transmittal of lease information from the line operation to the accounting office;
- (b) the periodic reconciliation of the revenue due according to the property inventory and the revenue due according to leases;
- (c) the billing of clients;
- (d) the establishment of accounts receivable ledgers;
- (e) the review of outstanding accounts;
- (f) the collection of delinquent accounts;
- (g) the writing-off of non-collectible accounts;
- (h) ensuring that remittance advice is given to the Financial Adviser's Branch.

IMPLEMENTATION

It is hoped that it will be possible to establish a working committee with the interested line Branches to establish policies and methods, and that this group will be able to complete its work by March 31, 1971. It is envisaged that this group should determine the basic information that is required in the Property Inventory, the up-dating of which should commence in the early summer, 1971.

IMPLEMENTATION (Cont'd)

It will be the responsibility of the sub-project leader to ensure that whilst appropriate billing procedures are being developed, accounts receivable ledgers are established in Ottawa and a channel of communication is opened with the paying officers of client departments to ensure agreement on amounts of payments due as soon as the information is available from the Property Inventory and to ensure inclusion of funds in 1972-73 departmental estimates.

Instruction in the handling of all accounts receivable and billing procedures will be provided at the March, 1971 teach-in. New procedures will be introduced in October-December 1971 at the same time as the introduction of the total system.

MANPOWER REQUIREMENTS

		<u>MAN-WEEKS</u>
Policy rulings and negotiations		2
Methods - design		6
Procedures write-up		6
Implementation:		
Instructions	8	
Establishment of records	10	
Billing - preparations	12	30
		<hr/> 44 <hr/>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Appraisals of land and buildings.
- (b) Lease-forms and scheduling of lease-reversions.
- (c) Space occupancy records.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project B - Revenues from Leased Lands and Buildings

POLICY

(a) External Rulings

- (i) Basis on which tenants should be charged for occupancy of lease accommodation.

(b) Internal Rulings

- (i) Determination of which division of which Branch handles lease arrangements with clients for leased accommodation.
- (ii) Determination of which Branch "earns" the surcharge applicable to sub-leased accommodation.

METHODS

Answers must be found to the following questions:

- (a) How will Financial Adviser's Branch be kept informed of the amounts to be recovered from tenants in respect of leased accommodation?
- (b) How will the Branch advise tenants of the amounts payable for such accommodation? Will it bill tenants separately for leased and Crown-owned accommodation?
- (c) How will the Agency account for expenditures and revenues attributable to leased accommodation?

PROCEDURES

Procedures must be written to describe the following processes:

- (a) Transmittal of lease information from line management to the Branch;
- (b) Recording the amounts due from tenants;
- (c) Billing procedures;
- (d) Reconciliation of payments under leases with receipts from tenants on account of them;
- (e) Treatment of amounts received on account of leased accommodation.

IMPLEMENTATION

A liaison will be established with the appropriate division of the Accommodation Branch for the establishment of policies and methods which should be developed during the first months of 1971, although it must be borne in mind that the agreement of the central agencies must be obtained for these policies.

The sub-project leader will ensure that appropriate billing and accounts receivable procedures are established in cooperation with the leader of sub-project A, and will also establish with him a channel of communication with the paying officers of client departments.

MANPOWER REQUIREMENTS

		<u>MAN-WEEKS</u>
Policy rulings and negotiations		2
Methods design		3
Procedures write-up		3
Implementation:		
Instructions	1	
Establishment of records	2	
Billing preparation	1	4
		<u>12</u>
		<u><u>12</u></u>

N.B. Much of the implementation work will be carried out by Sub-Project A.

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Development of lease-forms.
- (b) Space - occupancy records.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project C - Building Management Fees

POLICY

(a) External Rulings

- (i) Basis on which clients should be charged.
- (ii) Services to be provided by the fee.

(b) Internal Rulings

- (i) Determination of which division of which Branch handles building management arrangements with clients.
- (ii) Determination of which Branch "earns" the building management fee.

METHODS

Answers must be found to the following questions:

- (a) How will the Financial Adviser's Branch be kept informed of the amounts to be recovered from clients in respect of the building management fees?
- (b) How will the Branch advise clients of the amounts payable for such fees?
- (c) How will the Branch account for expenditures and revenues attributable to building management?

PROCEDURES

Procedures must be written to describe the following processes:

- (a) Transmittal of information on building management arrangements from line management to the Branch;
- (b) Recording the amounts due from clients under the arrangements;
- (c) Billing of clients;
- (d) Accounting treatment of the fees.

IMPLEMENTATION

Liaison will be established with the Accommodation Branch for the establishment of policies and methods which should be established by April 30, 1971. The feasibility of attaining that date depends on the early determination of lease terms and conditions.

IMPLEMENTATION (Cont'd)

The sub-project leader will ensure that appropriate billing and accounts receivable procedures are established in cooperation with the leader of sub-project A and will establish with him a channel of communication with the paying officers of client departments.

MANPOWER REQUIREMENTS

		<u>MAN-WEEKS</u>
Policy rulings and negotiations		4
Methods design		3
Procedures write-up		3
Implementation:		
Instructions	1	
Establishment of Records	2	
Billing preparation	1	4
		<u>14</u>

N.B. Much of the implementation work of instruction will be carried out in connection with Sub-Project A. This represents the increment to the work done for that sub-project.

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Contractual arrangements for the provision of building management services.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project D - Land Management Fees

POLICY

(a) External Rulings

- (i) Responsibility of the Agency for land-management.
- (ii) Basis of charging for land management, including the payment of grants in lieu of taxes.

(b) Internal Rulings

- (i) Determination of which division of which Branch handles the arrangement of land management fees with departments.

METHODS

Answers must be found to the following questions:

- (a) How will the Financial Adviser's Branch be kept informed of the amounts to be recovered from departments for land management fees?
- (b) How will the Branch advise departments of the fees payable?
- (c) Should fees be billed centrally or locally?

PROCEDURES

Procedures must be written to describe the following processes:

- (a) The transmittal of fee information from the line operation to the Branch;
- (b) The billing of clients;
- (c) Reconciliation of land inventory records with fees receivable;
- (d) Review of outstanding accounts;
- (e) Accounting treatment of land management fees, including charges for handling grants-in-lieu of taxes.

IMPLEMENTATION

In conjunction with the Land Management Branch a departmental position on charges for land management will be formulated. This should be completed by December 31, 1970.

In consultation with the Land Management Branch, a basis for charging will be developed and a modus operandi devised by March 31, 1971.

MANPOWER REQUIREMENTS

		<u>MAN-WEEKS</u>
Policy formulation and negotiations		4
Methods		4
Procedures		5
Implementation:		
Instructions	4	
Billing preparations	2	
Establishment of records	4	10
		<u>23</u>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

(a) Contractual arrangement with clients.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project E - Revenues from Housing

POLICY

(a) External Rulings

- (i) Basis of charging for housing.
- (ii) Determination of who constitutes a tenant.
- (iii) Determination of responsibility for payment of difference between rental revenue and operating costs.
- (iv) Terms and conditions of leases.

(b) Internal Rulings

- (i) Determination of which division of which Branch handles lease arrangements with departments.

METHODS

Answers must be found to the following questions:

- (a) How will the Financial Adviser's Branch be kept informed of the amounts to be recovered from tenants for housing?
- (b) How will the Branch advise tenants of amounts payable for housing?
- (c) Should housing rentals be billed centrally or locally?
- (d) If locally, should central accounts receivable records be maintained?

PROCEDURES

Procedures must be written to describe the following processes:

- (a) The transmittal of housing occupancy information from the line operation to the accounting office;
- (b) The billing of clients;
- (c) Reconciliation of housing inventory records with revenues receivable;
- (d) Review of outstanding accounts;
- (e) Accounting treatment of revenues attributable to housing.

IMPLEMENTATION

Liaison will be established with line management to formulate a departmental position on charges for housing. This should be completed by March 31, 1971. Negotiations with Treasury Board should be completed by June 30, 1971, and any submissions requiring Treasury Board approval should be approved by the Board by September 30, 1971.

IMPLEMENTATION (Cont'd)

Instructions in new methods will be provided at the August teach-in, for introduction with the total system in October - December 1971.

MANPOWER REQUIREMENTS

		<u>MAN-WEEKS</u>
Policy formulation and negotiations		4
Methods		4
Procedures		5
Implementation:		
Instructions	4	
Billing Preparations	6	
Establishment of Records	6	16
		<u>29</u>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

None.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project F - Cost-Recovery of Tenants' Extra-Lease Requests

POLICY

(a) External Rulings

- (i) Content of lease arrangements.
- (ii) Basis of surcharge or fee for provision of services.

(b) Internal Rulings

- (i) Determination of which division of which Branch handles which extra-lease services.
- (ii) Determination of which Branch "earns" the surcharge for providing the services.

METHODS AND PROCEDURES

The present methods used for billing other Government departments will be reviewed to determine the extent to which they should be adapted to provide for these services.

IMPLEMENTATION

O.G.D. procedures will be reviewed at the November Conference. New procedures will be introduced on a test basis in March and will be discussed at the March teach-in.

Based on past experience and analysis of 1970-71 results, client departments will be advised of amounts that should be provided in 1972-73 Estimates.

New procedures will be introduced in October - December 1971, after instructions have been given at the August teach-in.

MANPOWER REQUIREMENTS

	<u>MAN-WEEKS</u>
Policy and negotiations	1
Methods and procedures	3
1972-73 Estimates requirements	6
Implementation	6
	<hr/>
	16
	<hr/>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

(a) Form of lease agreements with clients.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project G - Fees for Professional, Technical and Advisory Services

GENERAL

This project covers the provision of all those services for which the basis of a charge would be a percentage of a construction (or other type) contract in connection with which the service was performed or a per diem rate. It includes, therefore, the provision of engineering and other design services for marine works and roads but excludes land or building management fees.

POLICY

(a) External Rulings

- (i) Determination of Agency's mandate concerning responsibility for all architectural and engineering services;
- (ii) Agreement on the basis of charging for services;
- (iii) Agreement on the basis of special expenses for costs that would not be incurred by a private company, e.g. bilingual and bicultural training.

(b) Internal Rulings

- (i) Decision as to who should negotiate with outside clients;
- (ii) Decision as to which Branch is deemed to earn fees;
- (iii) Decision as to the extent to which each Branch should fund or finance the operations of each other.

METHODS

Answers must be found to the following questions:

- (a) How will the cost of the services be ascertained?
- (b) How should managers budget for the use of their resources?
- (c) How will results be reported?
- (d) What services are being provided and for whom? How will intra-Agency billings be settled?
- (e) When will payment for services be required?
- (f) What will be the average length of time between the disbursement of money in connection with consultant's services and the collection of fees in respect of them?
- (g) How will the Financial Adviser's Branch be kept informed of service contracts?

PROCEDURES

Procedures must be written to cover the following processes:

- (a) Maintenance of time reports by consultants;
- (b) Preparation of budgets for projects;
- (c) Recording of progress against budgets;
- (d) Billing and accounts receivable;
- (e) Accounting for revenues.

IMPLEMENTATION

A project has already been initiated for this work. Model time reports are being developed, and it is intended that a time recording method should be agreed upon by December 31, 1970.

It is intended to proceed with the introduction of the agreed time recording system, since it provides the basis for cost ascertainment. In addition, many regions have already developed their own systems and the task is one of securing uniformity rather than of innovation.

Billing and accounts receivable procedures will be developed for introduction on a test basis in April. The total system will be introduced in October - December 1971.

MANPOWER REQUIREMENTS

		<u>MAN-WEEKS</u>
Policy determination and negotiation		2
Methods and Procedures		8
Analysis of past trends to advise department of required 1972-73 Estimates provision		3
Implementation:		
Billing and accounts receivable	16	
Instruction	16	32
		<u>45</u>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Form of Consultants Agreement with clients.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project H - Marine Operations

GENERAL

The accounting for marine and transportation engineering and consulting services forms the subject of Sub-Project G - Professional, Technical and Advisory Services.

Some of the succeeding tasks included in this Sub-Project overlap or duplicate, in part, work prescribed under other Plans of Action. The depth of the Agency's future involvement in Marine Works is questionable at this time. However, in order to avoid overlooking the problems involved, the whole system of accounting for the Marine Program must be reviewed.

POLICY

(a) External Rulings

- (i) Agency's mandate with regard to Marine Works, i.e. ownership, responsibility for upkeep, contribution of O.G.D.'s or other levels of government concerning dredging, wharf repair, dry docks, water level control and marine studies and surveys;
- (ii) Evaluation of assets belonging to the Agency;
- (iii) Sources and rates of revenue.

(b) Internal Rulings

- (i) Decision on organization within Headquarters and the field and interfaces within and between these areas.

METHODS

- (a) How will the Financial Adviser's Branch be kept informed of changes in assets?
- (b) How will the Branch be kept informed of services being provided to clients?
- (c) Who is responsible for negotiating services with clients?
- (d) How will costs of providing services be ascertained?
- (e) How should the overhead applicable to this program be determined?

PROCEDURES

Written procedures will be required for the following:

- (a) Recording of assets;
- (b) Billing clients and recording accounts receivable;
- (c) The recording of costs of work done and services rendered;
- (d) Accounting treatment of all expenditures and revenue including accruals and non-cash costs in order to match expenditures and revenues;
- (e) Distributions of indirect and overhead costs applicable to the marine program.

IMPLEMENTATION

Until the Agency's mandate with regard to Marine Works is defined there is no point in proceeding with the development of methods and procedures. It is anticipated that by March 31, 1971, this definition will have been obtained.

A complete system will be introduced in October - December 1971. It will be necessary to ensure that client departments have included in their 1972-73 Estimates sufficient funds for the Agency's Services - that will be done on the basis of an analysis of that year's cost trends.

MANPOWER REQUIREMENTS

			<u>MAN-WEEKS</u>
Policy rulings and negotiation			6
Methods design	}		8
Procedures - write-up			
Analysis of other years' costs			2
Implementation:			
Instructions		5	
Establishment of records		10	
Billing - preparation		4	19
			<u>35</u>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Terms and conditions of contractual arrangements for the provision of services.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project I - Transportation Services

GENERAL

The accounting for marine and transportation engineering and consulting services forms the subject of Sub-Project G - Professional, Technical and Advisory Services.

Some of the succeeding tasks included in this Sub-Project overlap or duplicate, in part, work prescribed under other Plans of Action. The depth of the Agency's future involvement in Transportation Services is questionable at this time. However, in order to avoid overlooking the problems involved, the whole system of accounting for the Transportation Program must be reviewed.

POLICY

(a) External Rulings

- (i) Agency's mandate with regard to status of organization and level of involvement as it relates to ownership, responsibility for upkeep, contribution or shared costs, regarding the following: Northwest Highway System, Trans-Canada Highway system, international and interprovincial tunnels and bridges and roads to resources;
- (ii) Evaluation of assets belonging to organization;
- (iii) Sources and rates of revenue.

(b) Internal Rulings

NONE.

METHODS

- (a) How will the Financial Adviser's Branch be kept informed of changes in assets?
- (b) How will the Branch be kept informed of services provided to clients?
- (c) Who will be responsible for negotiating with clients?
- (d) How will costs of providing services be ascertained?

PROCEDURES

Written procedures will be required for the following:

- (a) Recording of assets;
- (b) Billing clients and recording amounts received;
- (c) The recording of costs of work done and services rendered;
- (d) Accounting treatment of all expenditures and revenues including accruals and non-cash costs in order to match expenditures and the revenue;
- (e) Distribution of indirect and overhead costs applicable to the transportation program.

MANPOWER REQUIREMENTS

		<u>MAN-WEEKS</u>
Policy rulings and negotiation		3
Methods Design	}	8
Procedures-write-up		
Implementation:		
Instructions	5	
Establishment of Records	10	
Billing - Preparation	4	19
		<u>30</u>

IMPLEMENTATION

Until the Agency's mandate with regard to Transportation Services is defined, there is no point in proceeding with the development of methods and procedures. It is anticipated that by March 31, 1971, this definition will have been obtained.

A complete system will be introduced in October - December 1971. It will be necessary to ensure that client departments have included in the 1972-73 Estimates, sufficient funds for the Agency's Services - that will be done on the basis of an analysis of that year's cost trends.

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Terms and Conditions for the supply of Services.

PLAN OF ACTION

REVENUES AND ACCOUNTS RECEIVABLE

Sub-Project - J - Miscellaneous

No attempt will be made here to detail the policies, methods and procedures that are required. The first task will, of course, be to identify what these revenue services are, although the following have been noted so far:

- (a) Bag-rack manufacture;
- (b) Ambulance services;
- (c) Grave-digging;
- (d) Public utility services, e.g. heat;
- (e) Testing Laboratory.

It is considered that an allowance of 40 man-weeks should be provided to enable systems to be operative by December 31, 1971.

PLAN OF ACTION

LONG-TERM ASSETS AND DEPRECIATION

POLICY

(a) External Rulings

- (i) Agency mandate with relation to the management of lands and buildings, and to the administration of the Marine and Transportation Programs.
- (ii) Basis of valuation of existing lands and buildings, equipment and other long-term assets;
- (iii) Basis of valuation of future lands and buildings, equipment and other long-term assets.

(b) Internal Rulings

- (i) Determination of which Branch (or division of a Branch) owns which assets;
- (ii) Capitalization of expenditures.

METHODS

Answers must be found to the following questions:

- (a) How will the Financial Adviser's Branch initially record long-term assets and long-term receivables in accordance with the valuation agreed upon above?
- (b) Will land and buildings be recorded centrally? Will equipment records be maintained locally? How will assets used in the Marine and Transportation Programs be recorded?
- (c) How will the Financial Adviser's Branch be kept informed of changes in lands and buildings and equipment and other long-term asset inventories?
- (d) How will the Financial Adviser's Branch be kept informed of changes in long-term receivables?
- (e) What type of depreciation will be used for each type of asset?

PROCEDURES

Procedures must be designed to cover the following processes:

- (a) Transmittal of information from asset inventories to the accounting records (or process by which financial staff will use the inventory information);

PROCEDURES (cont'd)

- (b) Calculation of depreciation;
- (c) Input of depreciation expense information into the cost accounting system;
- (d) Recording of changed asset values.
- (e) Recording of work-in-process.
- (f) Recording of disposition of assets and related accumulation depreciation.

IMPLEMENTATION

The valuation basis of existing long-term assets is being examined at present.

Procedures for recording asset-values will be implemented concurrently with those relating to the General Ledger. Procedures for recording depreciation will be implemented at the same time as those relating to the Cost Accounting System.

MANPOWER REQUIREMENTS

MAN-WEEKS

Policy

6

The clerical work involved in writing up asset values has been included in the General Ledger Project (Appendix B (ii)). Similarly, the procedure work in connection with depreciation has been included in the Cost Accounting Project (Appendix B (vi)).

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Appraisals.
- (b) Land and buildings inventory.
- (c) Regulations governing the replacement of equipment.

PLAN OF ACTION

EXPENDITURES AND ACCOUNTS PAYABLE

POLICY

(a) External Rulings

- (i) Extent to which Agency is bound by Contract Regulations;
- (ii) Extent to which Department of Supply and Services' payroll and Superannuation Services must be used;
- (iii) Extent to which Agency is liable for contingent liabilities with particular, but not exclusive, reference to:
 - (a) Superannuation Fund adjustments in respect of pre-1972 Government contributions;
 - (b) Retroactive salary and wage adjustments in respect of pre-1972 payrolls;
 - (c) Settlement of disputed payments for goods and services received prior to 1972.
- (iv) Liability of Agency for corporation taxes.

(b) Internal Rulings

- (i) Organizational relationships;
- (ii) Authority to incur expenditures to be granted to line managers.

METHODS

Answers must be found to the following:

- (a) Who will approve orders to purchase what goods and what services?
- (b) How will expenditures be recorded and at what point in time?
- (c) How will accrued liabilities and expenditures against them be recorded?
- (d) Assuming that costs may be recorded on a standard basis, how will actual expenditures be aligned with recorded costs? How will standard costs be adjusted to reflect actual expenditures?
- (e) How will payments under contracts be recorded?
- (f) How will escalation payments on leases be checked?

PROCEDURES

Procedures must be devised to cover the following processes:

- (a) Verification of invoices, payment requests, etc. (mainly a review of existing practices);

PROCEDURES (cont'd)

- (b) Maintenance of lists of people authorized to incur certain types of expenditure.
- (c) Balancing of accounts payable ledger.
- (d) Reconciliation of expenditure and cost accounting records.
- (e) Establishment of cut-off dates for the preparation of periodic statements.
- (f) Maintenance of record of contract-progress claims and hold-backs.
- (g) Verification of escalation payments on leases.

IMPLEMENTATION

Review of existing procedures for verifying accounts and for recording payables should be completed by December 31, 1970, and should be introduced to a test region in March, 1971.

In the course of introducing the General Ledger system, accounts payable ledgers will be established. (i.e. in October - December 1971).

MANPOWER REQUIREMENTS

MAN-WEEKS

Policy rulings and negotiations		4
Review of existing procedures		6
Design of new methods and write-up of new procedures		5
Implementation:		
Introduction of methods	6	
Write-up of accounts payable records	<u>12</u>	<u>18</u>
		<u>33</u>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Contract and tendering procedures to suit new organization and to conform with any revised contracting authority given to the Agency,
- (b) Personnel records in the light of any decision to carry out more of the payroll operation.
- (c) Calculations of escalation clauses of lease agreements with lessors.

PLAN OF ACTION

COST ACCOUNTING

POLICY

External Rulings

Financial status of the Agency insofar as it relates to the Treasury Board requirements for coding costs and revenues.

Internal Rulings

NONE

METHODS

Answers must be found to the following in respect of all programs (taking into account the Sub-Projects dealing with programs other than Accommodation).

- (a) To what extent should use be made of standard or estimated costs?
- (b) How will variances between standard and actual costs be treated?
- (c) How will costs be allocated?
- (d) What cost information is required?
- (e) How will accuracy of cost information be checked?
- (f) How will indirect costs be distributed?
- (g) How will Headquarters and Head Office overhead be distributed? (all programs).
- (h) How will the Branch be kept informed of municipal grants-in-lieu?

PROCEDURES

Procedures must be devised for the following processes:

- (a) Distribution of costs not directly attributable to one cost centre.
- (b) Coding of source documents.
- (c) Recording of grants-in-lieu of taxes by cost centre.
- (d) Attribution of costs to sources of revenue.

IMPLEMENTATION

Coding, in particular Revenue-cost coding, has been reviewed and procedures are being clarified. By October 31, 1970, improved methods will have been introduced to all accounting offices. The accuracy of coding will be monitored during the year 1971-72.

IMPLEMENTATION (cont'd)

Overhead is being defined and quantified and a method of distribution is being devised. This review will be completed by December 31, 1970.

A total system of cost accounting will be tested in one Region in April, 1971. The full system will be introduced in October-December 1971.

A general review of the coding system is being undertaken and will be completed by March 31, 1971. Changes if any will be delayed till after April 1972.

The analysis of data requirements will be completed by August 31, 1971.

MANPOWER REQUIREMENTS

MAN-WEEKS

Reveiw of overhead		20
Distribution of indirect costs		10
Review of coding system		10
Input of costs not now being recorded		5
Analysis of data needs		3
Implementation:		
Improvement of coding performance	32	
Introduction of new procedures	32	
Municipal grants	32	96
		<u>144</u>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

None.

PLAN OF ACTION

MUNICIPAL TAXES

POLICY

(a) External Rulings

- (i) Responsibility of the Agency for the direct payment of the taxes.
- (ii) Determination of extent to which Agency should reimburse other departments for municipal services in respect of which rebates have been allowed.
- (iii) Agreement in the surcharge to be levied for handling taxes.
- (iv) Power of the Agency to deal directly with municipalities on assessments.

(b) Internal Rulings

- (i) Determination of which part of the organization will deal with taxes.

METHOD AND PROCEDURES

See Cost Accounting - Appendix B (vi).

IMPLEMENTATION AND MANPOWER REQUIREMENTS

Although the need to record municipal taxes may not be urgent in itself, the need to understand the present system of record-keeping fully and to commence the detailed recording makes it necessary that the project should be mounted as soon as possible.

A time allowance of 32 weeks has been included in the Cost Accounting Project in respect of clerical labour. Policy clarification will take an additional 4 man-weeks.

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Payment of grants-in-lieu to municipalities, including calculations and adjustment.

PLAN OF ACTION

RELATIONS WITH DEPARTMENT OF SUPPLY AND SERVICES

POLICY

(a) External Rulings

- (i) Extent to which Agency must use services of Department of Supply and Services for purchases, payroll and pension administration and cheque issue.

(b) Internal Rulings

- (i) Extent to which Agency wishes to make use of Department of Supply and Services for purchases, payroll and pension administration and cheque issue.
- (ii) Extent to which Branch wishes to use Department of Supply and Services optional services such as preparation of financial reports.

METHODS AND PROCEDURES

Not applicable to what is basically a make-or-buy study.

IMPLEMENTATION

No changes in the relationship with Department of Supply and Services for purchasing, payroll and superannuation administration services will be introduced prior to April 1973. In 1971-72 these services will be analyzed to see if it is cheaper and more satisfactory to produce these facilities in-house or to use Department of Supply and Services. A decision on this will be finally made no later than June 30, 1972.

As far as cheque-issue is concerned, the clarification of the Financial Status of the Agency will determine whatever use is to be made of Department of Supply and Services. A decision will be made prior to December 31, 1970, as to the extent to which Department of Supply and Services will be used for the production of financial reports.

MANPOWER REQUIREMENTS

MAN-WEEKS

Analysis of costs of using Department of Supply and Services.

10

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Personnel documentation.

PLAN OF ACTION

BUDGETING

POLICY

External Rulings

- (a) Treasury Board requirements

Internal Rulings

- (b) Responsibilities and accountability of units.

METHOD

Answers must be found to the following:

- (a) What kind of budgets are required for each unit of each Branch in respect of operating and maintenance, extra-lease services for tenants and capital?
- (b) How will each type of budget be prepared and by whom?
- (c) To what extent will standard costs be used?
- (d) How will fixed expenditures e.g. salaries, office space used for Agency administrative purposes be controlled?
- (e) What use can be made of flexible budgetary techniques?
- (f) How will budgets and cash forecasts be made consistent with each other?

PROCEDURES

Procedures must be devised to cover the following processes:

- (a) Preparation of budget.
- (b) Amendment of budget.
- (c) Preparation of budget variance reports.

IMPLEMENTATION

Budgetary procedures are under constant review and 1972-73 procedures will take into account the developing requirements of the new system. No major change will be made to present procedures before the preparation of 1973-74 budget in the latter part of 1972. Any changes necessary at that time will have to be decided upon prior to March 31, 1973.

MANPOWER REQUIREMENTS

Budgeting preparation and the drafting of procedures in connection with this are part of the ongoing tasks of the Branch. No additional resources are required for this project.

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

(a) Market analysis.

PLAN OF ACTION

REPORTING AND FINANCIAL STATISTICS

POLICY

(a) External Rulings

- (i) Financial status of the Agency as regards presentation of statements in Public Accounts.

(b) Internal Rulings

- (i) The responsibilities of units in the Field and Ottawa.

METHODS

Answers are required to the following questions:

- (a) What type of report does each level of management require with regard to:
 - (i) Progress of plans.
 - (ii) Changing levels of contribution to overhead ("profit").
 - (iii) Changing levels of costs and revenues per unit of production or service.
 - (iv) Changing values of assets and liabilities.
- (b) In what form and how often should reports be produced? (i.e. monthly, quarterly, semi-annually, annually or in accordance with the bi-weekly pay pattern)?
- (c) How should reports be analyzed and by whom?
- (d) How should the results of analysis be conveyed to the interested parties?
- (e) What follow-up is required on reports?

PROCEDURES

Procedures must be devised for the following processes:

- (a) Liaison with E.D.P. control concerning production of reports.
- (b) Distribution of reports.
- (c) Correction of reports.
- (d) Cut-off of transactions.
- (e) Inclusion into reports of data from:
 - (i) the Field
 - (ii) Department of Supply and Services
 - (iii) Ottawa H.Q.and from other information systems.

IMPLEMENTATION

The present reporting system will be reviewed. A continuing dialogue will be established with line management concerning the types of reports and financial statistics required. Management will be encouraged to make use of existing reports as a means of ascertaining new deficiencies.

MANPOWER REQUIREMENTS

MAN-WEEKS

Review of reports

4

Negotiations re improvements

10

14

This is the additional requirement. Much of the work involved in this project will be part of the normal duties of the Branch.

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Investment evaluation.
- (b) Requirements for analysis of return in investment.
- (c) Personnel reports.
- (d) Physical property reports.

PLAN OF ACTION

EDP REQUIREMENTS

POLICY

(a) External Rulings

Extent to which use must be made of Department of Supply and Services' services.

(b) Internal Rulings

NONE

METHODS

- (a) Identification of requirements.
- (b) Analysis of most economical means of meeting them.
- (c) Review of present machine-runs.

PROCEDURES

Procedures must be devised for the following processes:

- (a) Passing of documents for E.D.P. processing.
- (b) Check on the accuracy of E.D.P. runs.
- (c) Continuing review of E.D.P. runs.

IMPLEMENTATION

The present machine-runs are being reviewed and a decision on the need for the present machine-runs will be made at the November conference.

E.D.P. requirements in the financial area will be identified by March 31, 1971. A plan to meet them will be completed by June 30, 1971. Programing to be completed by September 30, 1971.

MANPOWER REQUIREMENTS

MAN-WEEKS

Review of machine-runs

3

Identification of requirements

9

12

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

- (a) Reporting needs re:
 - (i) personnel
 - (ii) construction.

PLAN OF ACTION

ORGANIZATION

POLICY

External Rulings

NONE

Internal Rulings

(a) Field and Headquarters organizations.

METHODS

- (a) Development of organization at Headquarters
- (b) Development of organization plan in the Field
- (c) Development of position descriptions
- (d) Recruitment of staff internally or externally for the positions
- (e) Training of staff.

IMPLEMENTATION

The organization plan for Headquarters will be completed by December 31, 1970. Approved job descriptions should be completed by March 31, 1971, and positions should be filled by June 30.

The field organization plan will not be completed before June 30, 1971. Approved job descriptions will be completed by July 31, 1971 and positions will be filled by September 30, 1971. (mostly internally).

MANPOWER REQUIREMENTS

MAN-WEEKS

Organization Plan (H.Q.)	6
Job descriptions and negotiation with B.C.R. (H.Q.)	12
Recruitment of staff	12
Organization Plan (Field)	6
Job descriptions and negotiation with B.C.R. (Field)	15
Recruitment of staff	<u>15</u>
	<u>66</u>

RELATED SYSTEMS TO BE DEVELOPED BY OTHER BRANCHES

Handling of documentation and paperwork in field offices and in H.Q.

SUMMARY OF
MANPOWER REQUIREMENTS

<u>PROJECT</u>	<u>MAN-WEEKS</u>	
(i) CASH MANAGEMENT - Sub-project A - Cash Flow	8	
Sub-project B - Cash Control	<u>9</u>	17
(ii) GENERAL LEDGER		94
(iii) REVENUES AND ACCOUNTS RECEIVABLE -		
Sub-project A - Revenues from Crown-owned		
Lands & Buildings	44	
Sub-project B - Revenues from Leased Lands		
and Buildings	12	
Sub-project C - Building Management Fees	14	
Sub-project D - Land Management Fees	23	
Sub-project E - Revenues from Housing	29	
Sub-project F - Cost-recovery of Tenants'		
Extra-lease Requests	16	
Sub-project G - Fees for Professional,		
Technical & Advisory		
Services	45	
Sub-project H - Marine Services	35	
Sub-project I - Transportation Services	30	
Sub-project J - Miscellaneous	<u>40</u>	288
(iv) LONG TERM ASSETS AND DEPRECIATION		6
(v) EXPENDITURES AND ACCOUNTS PAYABLE		33
(vi) COST ACCOUNTING		144
(vii) MUNICIPAL TAXES		4
(viii) RELATIONS WITH D.S.S.		10
(ix) BUDGETING - No additional manpower required.		0
(x) REPORTING AND FINANCIAL STATISTICS		14
(xi) E.D.P. REQUIREMENTS		12
(xii) ORGANIZATION		<u>66</u>
		<u>688</u>

P R O J E C T R E N E W A L

OUTLINE
MASTER PLAN

FOR THE
REALTY SERVICES BRANCH

MASTER PLAN

REALTY SERVICES

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APPENDICES

APPENDIX A

ROLE OF BRANCH. REALTY SERVICES.

APPENDICES

APPENDIX B

REALTY SERVICES.
BRANCH PLAN. PROJECT OUTLINES.

APPENDIX C

MANPOWER REQUIREMENTS SUMMARY.
PLANNING AND IMPLEMENTATION.
REALTY SERVICES.

APPENDIX D

POLICY DECISIONS REQUIRED. PLANNING
AND IMPLEMENTATION. REALTY
SERVICES.

APPENDIX E

RELATED SYSTEMS OF OTHER BRANCHES.
PLANNING AND IMPLEMENTATION.

SUMMARY

- *The object of the master plan is to outline the approach and to describe the activities necessary to ensure that Realty Services fulfills its proposed role as the real estate agent for the federal government departments and agencies.*
- *The approach to reorganization is four-phased:*
 - I. Transfer of Real Estate Branch, Transport, to Land Services Branch, Public Works*
 - II. Consolidation of Other Real Estate Functions*
 - III. Rationalization of Function*
 - IV. Agency Organization*
- *Planning for the Agency organization structure, policy, systems and procedures has begun and will move forward rapidly after the Agency's mandate has been defined.*
- *Changes in organization, policy, systems and procedures will be an evolutionary process, aiming to have the necessary mechanisms in place to meet the goals set for April 1, 1972.*
- *The planning and implementation "team" in Realty Services consists of three components:*
 - i. management*
 - ii. specialist knowledge and advice*
 - iii. planning and consulting service*

PART I

INTRODUCTION

1. Purpose

The purpose of this plan is to outline the approach and to detail the activities necessary to meet the goal of establishing a single real estate agent which will be

- revenue dependent at market pricing
- a service agent for Canadian Federal Government departments and agencies
- operational by April 1, 1972.

2. Comments

The challenges involved in achieving this goal are numerous:

i. ORGANIZATIONAL

At the present time, the real estate function and the staff carrying it out are scattered throughout the federal government. Consolidation of the functions and of the staff will involve negotiations at the political level and with the central agencies and various departments, and also a well-planned and well-implemented organizational approach.

ii. MANAGERIAL [GENERAL]

Continuous attainment of the objective -- revenue dependency under market pricing -- will require the implementation of new management practices and policies based on increased delegation, in both personnel and financial management, by the Central Agencies to the Head of the Agency and

subsequently to the Heads of operating functions and their subordinates. Provision of interdependent services will demand managerial cooperation and unified response to customer requirements -- i.e. a systemized approach to management and operations.

iii. FINANCIAL

Operation within revenues earned at market pricing will require a reorientation in attitude on the part of those public servants steeped in the traditional Estimates cycle and the associated lack of cost-consciousness. Instead, emphasis will have to be on market analysis, revenue forecasting and control of costs. Also, both the new Expropriation Act and the Agency proposals ensure that real estate transactions and decisions are based almost totally on market value (as opposed to historical costs).

iv. PERSONNEL

Major revisions will be needed in the concepts, systems and attitudes surrounding personnel management and administration; for, under revenue-dependency, the line manager will be made accountable for all management including the most critical, manpower management.

v. INFORMATION

Servicing such a large complex as the Canadian federal government will demand complete, accurate and current information from all sources and by all types of systems -- the press, real estate companies, market and economic research groups, internal planning and budgeting systems, etc.

These challenges -- organizational, managerial, financial, personnel, information -- present ample opportunities for all real estate staff presently in the Canadian Federal government. Also, it has been proposed that the Agency have its operating mandate for a period of seven years from April 1, 1972 and renewable only upon satisfactory performance. The necessity for planning and implementing a sound total management system is obvious.

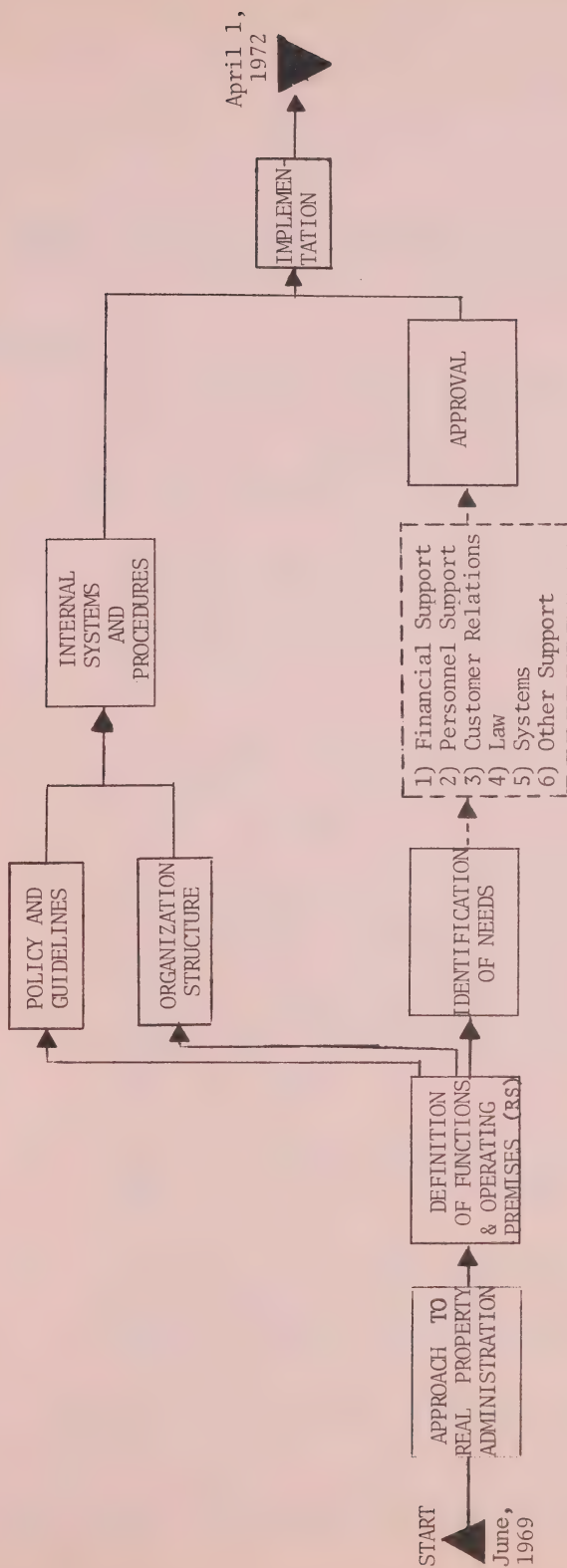
3. Logic of Plan

The Branch Master Plan, Realty Services (RS), can be divided into the following major steps:

- i. Develop approach to the management and administration of real property resources in the Canadian Federal government;
- ii. Define the functions to be performed by Realty Services (RS) and its operating premises;
- iii. Define necessary organization structure, policy, guidelines, and internal systems and procedures for Realty Services (RS);
- iv. Identify needs to various service support groups and approve needed systems, procedures, etc.
- v. Implement and monitor

It should be noted that any projects to meet the needs of the "interim" period [present to March 31, 1972] have been built into the Plan. For a graphic representation of this logic, see the following page.

MASTER PLAN · LOGIC



"INTERIM" PROJECTS AND THEIR IMPLEMENTATION

PART II

GENERAL CONSIDERATIONS, CONCEPTS AND ASSUMPTIONS1. Background

The Canadian Federal government has owned real property since its beginning in 1867. However, up to the present, its approach to real property resources has not been sound in that:

- i. The federal government has concentrated its efforts on improvements [buildings, etc.] probably because they were what the program manager most obviously and urgently needed; land and its market value were for the most part ignored.
- ii. There has been no real interest in the value of real estate [as opposed to its cost]. Thus no importance has been attached to the cost of merely "using" real property, or worse, of holding it without using it.
- iii. Program managers have had a great appetite for real estate; this appetite has been helped by the government accounting practice that separates Capital expenditure totally from Operation and Maintenance expenditure; thus, once he has obtained the real estate, the program manager need give no further accounting of how much it is really costing him in his annual operations.
- iv. Decisions to buy or lease land or put restrictions on it have often been made by the operating branches which are usually unaware of possible less costly methods.
- v. Some real estate functions and staff have "grown up" in the departments having a large volume of real estate transactions. Others have been fragmented by historical decisions, organizational accidents, etc.

Externally, the real estate world has become more complex and very volatile. In spite of the vast expanses of Canadian soil, urban growth has put extreme pressure on land in certain locations:

with increased demand and greater density comes higher value. Land use zoning has been laid down in efforts to direct the real estate growth patterns in the long-term interests of the majority of the Canadian population. Money has become expensive and financing has become very complicated.

This is the backdrop: a complex and volatile external real estate world; and internally, in the federal public sector, fragmented interest-centred real estate functions and staffs. The leadership of Realty Services must develop and execute a plan to consolidate the staffs and to evolve an effective real estate agent for Canadian federal departments and agencies.

2. Assumptions

OPERATIONAL ASSUMPTIONS

- i. Realty Services will be the exclusive real estate agent for the federal government for a period of at least seven years in the areas of:

[a] Property Services

- property acquisition [by purchase, expropriation, lease, etc.]
- property disposal
- property tax administration
- property appraising
- property negotiating
- legal land surveying
- property inventories of all federal property interests
- drafting of legal land plans

[b] Property Development

- highest and best use studies
- site location analyses
- area economic analyses
- real estate investment analyses
- determination of optimum solutions for real property

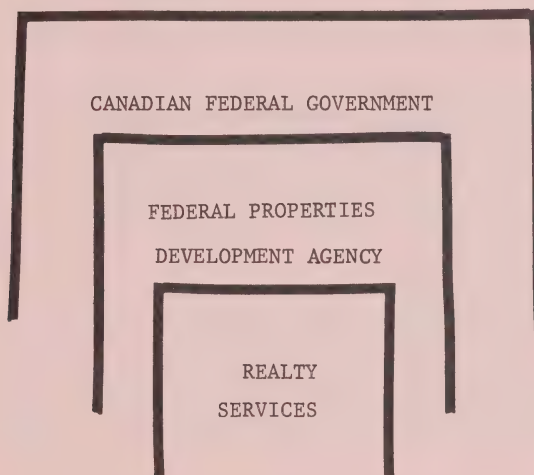
- ii. Realty Services will earn fees at market prices and will live on its earnings.
- iii. Realty Services will be part of a federal real property agency.
- iv. Realty Services will act solely as an "Agent". It will have no control or regulatory responsibilities over other federal departments and agencies. Its relationships with its customers will be of a firm written contractual nature. It will perform at a high level with regard to quality, timing and price.

PLANNING AND IMPLEMENTATION ASSUMPTIONS

- i. Finance and Personnel will do the necessary work on projects which fall in their areas of responsibility. They will also research, prepare and seek any legislation necessary to complete those projects, in close collaboration with Realty Services if it will be affected by the results of any changes made by the projects.
- ii. During work on any project that may have an effect on Realty Services, collaboration and consultation will be carried on with Realty Services; and the results of any such project will be submitted to RS executive before they are submitted to the Executive Committee.
- iii. The necessary legislation will be prepared by the Department of Justice. Any legal opinions will be sought from that Department.
- iv. Projects to meet the needs of the "interim" period have been worked into the Branch Master Plan. It should be noted that the criteria for operations during the "interim" period are:
 - maintenance of service level and improvement of service image
 - acute awareness of costs
 - absolute minimum of disturbance in existing customer service relationships
 - use of informal communication channels
 - evolution toward F.P.D.A. in changes made in policy, organization, staff and systems.

3. Objectives and Role of Branch

The objectives of various levels of organizational hierarchy can fit into each other in a logical manner as diagrammed below:



The real property objectives of the Canadian federal government and the objectives of the F.P.D.A. and of RS have been stated elsewhere, but they are gathered here for ease of reference:

FEDERAL GOVERNMENT

To optimize real property investment and services in support of government objectives.

FEDERAL PROPERTIES DEVELOPMENT AGENCY (F.P.D.A.)

a) to provide all operating departments and agencies excepting certain Crown Corporations, with the following services at optimum levels of quality, timing and cost:

- (i) acquisition and disposal of real property;
- (ii) design/construction services;
- (iii) operating and maintenance services for general-purpose buildings, whether owned by the Crown or leased, and at the option of the operating department or agency, for special-purpose buildings and facilities.

b) the maintenance of a complete and current inventory of all federal real property and the capacity to undertake studies of the alternative uses of federal lands, in order to inform and advise the Treasury Board on real property in the exercise of its budgetary and control functions.

c) to manage on behalf of the Federal Government all general-purpose buildings and facilities (including related land) to ensure that the highest return on this investment is attained.

REALTY SERVICES (RS)

WHAT must be done:

1. To acquire outright or partial ownership of property rights for customers by expropriation, purchase, transfer, exchange, lease, agreement, etc.
2. To dispose of outright or partial ownership of property rights by abandonment, letters patent (including quit claim), short- or long-term letting, etc.
3. To provide consultant service -- advice, opinion, information, standards, policy -- as requested.

4. *To administer grants-in-lieu of taxes on federal property.*
5. *To identify and promote opportunities for the development of federal real property in its highest and best use.*
6. *To maintain information on all federal properties.*

HOW must be done:

- a. *Analyzing all customer (including General Purpose) needs to ensure consequent response is in a form that optimizes the investment of the Federal Government -- i.e., attains highest and best use of real property.*
- b. *Living within revenues that are based on competitive fees and charges.*
- c. *Maintaining goodwill of parties dealt with and also of the public in general.*
- d. *Meeting service expectations of customers by responding with services and products that are acceptable in terms of their timing, cost and quality and by taking initiative to service all planning and development in which property is involved.*

(NOTE: All of a., b., c., d., apply to each one of 1 to 6)

These objectives give some perspective on the proposed role of Realty Services Branch. The activities that will be performed to attain these objectives include:

- Planning and Policy
- Customer Advisory Services
- Property Appraising
- Property Negotiating
- Legal Services (DEPARTMENT OF JUSTICE)
- Land Surveying and Drafting

- Information Processing
- Administration

The nature of these activities and the results expected from them are further detailed in APPENDIX A.

4. Planning And Implementation Goals -- April 1, 1972

- i. The agency mandate will be clearly established and objectives, operating premises and goals of Realty Services will be clearly defined.
- ii. The transfer of Transport (MOT) Real Estate Branch will be complete.
- iii. Realty Services will be functioning as a revenue-dependent branch within a federal real property agency.
- iv. Realty Services will be a service branch providing services and charging fees competitive with the private sector.
- v. The Branch's revenues from fees should exceed total costs in the 1972-73 fiscal year.

5. Approach to Reorganization

Realty Services has before it four phases of reorganization:

PHASE I: TRANSFER

The T.B./D.P.W./M.O.T. Expropriation Project Team recommended the transfer of the function and staff of the Real Estate Branch, Transport, to the Department of Public Works. Ministerial approvals have been obtained and it is hoped that Cabinet approval will be given by March 1, 1971. Then, the transfer can be effected April 1, 1971; and the Real Estate Branch, Transport, and Land Services Branch, Public Works, can form the nucleus of the

Realty Services organization

(known in the "interim" period as the D.P.W.

Land Services Branch).

PHASE II: CONSOLIDATION

The T.B./D.P.W./M.O.T. Expropriation Project Team also recommended consolidation into D.P.W. of some other real estate functions and staffs, presently scattered in other government departments and agencies. The proposed transfers-in are planned for in the activities of the Branch Master Plan and were taken into account in the development of the "interim" organization structure.

PHASE III: RATIONALIZATION

The staffs that are transferred in and consolidated in Phases I and II will be gradually reorganized according to organizational plans. A continuous program of performance review and appraisal will be carried out. Experience will be gained centrally in some new activities (eg. management and administration of the new Expropriation Act) and staff will be trained for potential decentralization to the regions.

PHASE IV: AGENCY ORGANIZATION

Planning for this phase will lead to a structure that will fulfill the proposed objectives of the Agency. Numerous steps have been taken toward structuring the organization -- Montebello conference in June, 1970; the Deputy Minister's Announcement of September 28, 1970; the reports of the Working Groups; discussions in the Steering Committee and in the Executive Committee. Once the general structure is approved, the detailed organization will be developed and implemented.

Although the phases are very clearly distinguished here, in reality, reorganization will be an evolutionary process. Phases I, II and III will constitute part of the "interim" organization. Phase IV will come into effect after April 1, 1972.

PART III

PROJECTS1. General

The components necessary for most projects are:

- concept
- approval of concept
- detailed plans
- approval of detailed plans
- implementation
- maintenance and evaluation

In the various projects, approvals can be obtained at several levels and from various sources:

- | | |
|----------------------|------------------------------|
| [a] Political | -- Parliament |
| | -- Cabinet |
| | -- Minister |
| [b] Central Agencies | -- Privy Council |
| | -- Treasury Board |
| | -- Public Service Commission |
| | -- Finance |
| | -- Justice |
| | -- Supply and Services |
| [c] "Agency" | -- Deputy Minister |
| | -- Executive Committee |
| | -- Director, Land Services |

The precise level and source of approval is a reflection of what type of output is produced by the project. For example, legislation will have to be passed by Parliament whereas procedures internal to Realty Services can be approved by its head.

2. Project Detail Reports

Each project necessary to attain the goal of establishing a

single real estate agent for the Canadian Federal Government is detailed in APPENDIX B. The following appendices summarize various facets of the projects:

APPENDIX "C"	Manpower Requirements Summary
APPENDIX "D"	Policy Decisions Required
APPENDIX "E"	Related Systems of Other Branches

3. Urgent Projects

As can be seen from the logic of the Branch Master Plan, the two most critical projects are:

- i. define approach to federal real property and obtain political approval;
- ii. define the functions of Realty Services and its operating premises and obtain Deputy Minister approval.

4. Status of Projects (January 31, 1971)

Some of the projects have already been completed and some are in progress. A summary follows:

<u>NAME OF PROJECT</u>	<u>STATUS (January 31, 1971)</u>
Develop Approach to Real Property in the Federal Government	Work was completed June 1970; negotiations with central agencies complete; political approval now being sought.
Define Objectives (For RS)	Initial task work completed November 26, 1970; reviewed in concert with other branches during January; executive approval now being sought.

Develop an Organization
Structure

(a) "Interim"

Task work completed June 8, 1970; approval by Deputy Minister, August 15, 1970.

(b) Agency

Task work for I. Functions, II. Operating Premises, III. General Structure completed November 26, 1970; general structure under consideration and being developed.

Determine Legislative
Needs

Most of identification of needs complete; target for submission to Departmental Implementation Secretariat is February 22, 1971.

Design Program to Fulfill
RS Training and Development
Needs

Short-term Program approved September 1, 1970; first realty training course November, 1970; second scheduled for March, 1971. Long-term program is scheduled for development in 1971.

Develop Fee Schedule

Task work is complete; comments requested by January 31, 1971; approval by Executive Committee and T.B. will follow.

Develop an "Interim"
Forecast of Revenues and
Expenditures

First draft completed January 19, 1971; further refinements are underway.

Grants-in-Lieu of Taxes

Preparation of policy paper begun.

DATA STREAM Vocabulary Review

Committee has had two meetings; progress is good.

Fulfill Information Needs

First attempt to identify
information needs done for
Working Group #4.

Develop Guidelines for
Property Studies

Has been assigned.

SUMMARY:

1 Project completed

5 Projects in approval stage

7 Projects in progress

PART IV

IMPLEMENTATION1. Statement of Priorities

Priority has been placed on the work involved in supporting or being responsible for the following five projects:

<u>NAME OF PROJECT</u>	<u>REASON</u>
(i) Develop Approach to Real Property in the Federal Government	Almost all projects will be affected directly or indirectly by the terms and conditions of the mandate obtained for the Agency. <u>POLITICAL MANDATE.</u>
(ii) Define Objectives (for RS)	Internally, RS must know what functions it is responsible for and the general premises under which it will operate. This knowledge facilitates the development of detailed organization, systems and procedures. <u>ORGANIZATION STRUCTURE.</u>
(iii) Determine Legislative Needs	The writing of legislation is a complicated and time-consuming process; thus, the drafters of legislation must be given as much lead time as possible to prepare the documents for Parliament. <u>ACTS, REGULATIONS AND DELEGATIONS OF AUTHORITY.</u>
(iv) Develop Fee Schedule	Customer departments and agencies must be given some direction as to how much to include in their 1972-73 Estimates for Agency services. <u>REVENUES</u>
(v) Design Program to Fulfill RS 's Training and Development Needs	The development of manpower is a long-term venture under any circumstances. In this case, RS is undertaking a new role; it will be administering a new act, the Expropriation Act; and most of its staff will have worked under different systems and procedures. Thus, training, reorientation and development will be necessary for all RS 's staff. <u>PEOPLE.</u>

Priority will continue to be placed on both the task work and the negotiations to obtain approval for these projects, which will result in:

- political mandate
- organization structure
- law (acts, regulations and delegations of authority)
- source of revenues
- people knowledgeable and trained in RS's future role.

2. Organization For Execution of Plan

The planning and implementation "team" in RS is made of three components:

- i. Management -- direction and control
-- policy
- ii. Specialists -- professional and
technical knowledge of
subject matter (real
estate)

-- operational systems and
procedures
- iii. Planning and
Consulting -- implementation plan
-- implementation network
-- organization and systems
advice
-- supervision of projects

ROLE OF BRANCH
REALTY SERVICES

I. NATURE OF ROLE

The whole of the agency will be dealing with one commodity that has been called by various names

- accommodation (taken in its most general sense)
- land
- property
- real estate
- real property
- realty

During its life cycle within one ownership, any piece of property can have four main actions performed on it:

- acquisition
- development
- administration
- disposal

For the federal government departments and agencies, Realty Services will perform two actions -- acquisition and disposal -- and it will play a major role in a third -- development. In brief, Realty Services will perform what a real estate agent and developer usually performs in the private sector.

To provide a total and comprehensive real estate service for the federal public sector, Realty Services will be its exclusive agent for:

(a) Property Services

- property acquisition
- property disposal
- property tax administration
- property appraising
- property negotiating
- legal land surveying
- property inventories of all federal property interests
- drafting of legal land plans

(b) Property Development

- highest and best use studies
- site location analyses
- area economic analyses
- real estate investment analyses
- determination of optimum solutions for real property.

II. ACTIVITIES

The major activities that must be performed to carry out this mandate include:

- Planning and Policy
- Customer Advisory Services
- Appraising
- Negotiating
- Legal Services (DEPARTMENT OF JUSTICE)
- Surveying and Drafting
- Information Processing
- Administration.

A summary of the results expected from each activity follows:

1. Planning and Policy

The results expected from this activity include:

- organizational objectives and goals
- operational policies
- procedural guidelines
- organization structure, systems, methods
- training for staff of all organization
- classification of jobs; and recruitment and appraisal of employees
- evaluation of results of projects, including analysis of historical data on costs, procedures, problems encountered.

2. Customer Advisory Services

PROPERTY DEVELOPMENT

The results expected from this activity include:

- highest and best use studies

- site location analyses
- area economic analyses
- advice on real estate investment trends
- determination of optimum solutions for real property.

PROPERTY SERVICES

The results expected from this activity include:

- advice to customer on --
 - definition of property requirements
 - determination of optimum method of acquisition or disposal
 - miscellaneous property transactions (e.g. Airport Zoning Regulations)
- public relations (public meetings, posters, newspaper publications, etc.)
- customer relations (brochures, seminars, conferences, briefings, etc.)
- liaison with --
 - provincial and municipal planners
 - railways, highways, utility companies
 - property development groups in the private sector.

3. Appraising

The results expected from this activity include:

- property appraisals (estimate of value, valuation of the rights of ownership, estimate of present worth of future benefits a property owner will enjoy)

These appraisals may include:

- probable buying or selling price
- highest and best use
- statement of best time to act
- facts on - tax loads
 - neighbourhood trends
 - availability of transportation
 - availability of public utilities (e.g. hydro)
 - zoning
 - urban and provincial development plans
 - etc.

These appraisals can be done for various purposes.

<u>Question</u>	<u>Purpose</u>
1. Market Value	<div>→ (a) sale</div> <div>→ (b) purchase</div> <div>(c) exchange</div> <div>(d) litigation</div> <div>→ (e) expropriation</div> <div>(f) relocation</div> <div>→ (g) property taxation</div> <div>→ (h) development</div> <div>→ (i) rental rates</div>
2. Depreciated Cost	<div>(a) replacement</div> <div>(b) reinstatement</div> <div>(c) insurance</div>
3. Damage Claim	(a) support for payment
4. Taxation	<div>(a) estate</div> <div>(b) income</div> <div>→ (c) uniform assessment</div>
5. Security	<div>(a) mortgage</div> <div>(b) contract</div>
6. Apportionment	<div>(a) profit or loss</div> <div>(b) tax</div>

The most important for the purposes of the FPDA are marked with arrows.

4. Negotiating

The results expected from this activity include:

- agreement from party or parties dealing with Canada for:
 - outright or limited ownership
 - all means of acquisition
 - all means of disposal
 - joint developments
 - damages (from physical action; from depreciation)
 - right of entry onto property.

5. Legal Services (DEPARTMENT OF JUSTICE)

The results expected from this activity include:

- legal documents approved and registered
- titles searched
- appointments of agents for Justice, Hearing Officers, etc.
- court cases defended.

6. Surveying and Drafting

The results expected from this activity include:

- legal land survey
- legal land plans
- identification of all parcels of property restricted by Airport Zoning Regulations
- information on legal land descriptions, airport zoning restrictions, etc.

7. Information Processing

The results expected from this activity include:

- complete, current and accurate inventory of all federal properties
- complete, current and accurate record system of property documents (deeds, leases, lettings, agreements, survey plans, site drawings, etc.)
- provision of information from this inventory and from this record system.

8. Administration

The results expected from this activity include:

- paperwork prepared
- publication of brochures, memoranda, etc.
- all authorities, signatures, etc., that needed
- budget control
- analysis for statistics, sampling of work, surveys, etc.
- central registry of correspondence.

APPENDIX B

REALTY SERVICES

BRANCH PLAN

PROJECT OUTLINES

NOTE

Only the first project listing from each major grouping is included in this appendix, because of the volume. Copies of the entire APPENDIX B can be obtained by request. However, this is a first draft, and further drafts are expected shortly.

LISTING OF PROJECTS

(Not necessarily in order of priority; loose grouping)

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1. RS ORGANIZATION

DEVELOP APPROACH TO REAL PROPERTY IN THE FEDERAL GOVERNMENT	1
DEFINE OBJECTIVES	2
DEVELOP AN ORGANIZATION STRUCTURE	3
DETERMINE LEGISLATIVE NEEDS	4
DEVELOP INTERNAL POLICY AND DEFINE RESULTS EXPECTED FROM IT	5
DEVELOP FINANCIAL PERFORMANCE LEVELS	6
REVISE DELEGATIONS OF AUTHORITY	7
DESIGN PROGRAM TO FULFILL RS'S TRAINING AND DEVELOPMENT NEEDS	8
DESIGN PROGRAM TO FULFILL RESEARCH AND DEVELOPMENT NEEDS	9
IDENTIFY, PLAN FOR AND COMPLETE TRANSFERS IN	10

2. "INTERIM"

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DEVELOP AN "INTERIM" FORECAST OF REVENUES AND EXPENDITURES	12
DEVELOP "INTERIM" PROCEDURES FOR PROPERTY ACQUISITION, DEVELOPMENT AND DISPOSAL	13
DEVELOP "INTERIM" MANPOWER POLICIES	14
IMPROVE EXISTING INFORMATION SYSTEMS	15

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DEVELOP FINANCIAL POLICIES	16
DEVELOP APPROPRIATE CORPORATE BUDGETING SYSTEM	17
DEVELOP APPROPRIATE COSTING SYSTEMS	18
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MODIFY FEDERAL GOVERNMENT PPB SYSTEM	21
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IDENTIFY PERSONNEL REQUIREMENTS	26
RATIONALIZE PRESENT STAFF	27
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DEVELOP PERSONNEL INFORMATION SYSTEM	29
DATA STREAM VOCABULARY REVIEW	30
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FULFILL RS'S NEED FOR UP-TO-DATE WRITTEN MATERIAL FROM EXTERNAL SOURCES	34
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DEVELOP MARKET APPROACH TO CLIENT RELATIONS	42
DEVELOP PROMOTIONAL APPROACH TO CLIENT	43
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STUDY AND ADOPT PROPERTY EVALUATION CONCEPTS	46
DEVELOP GUIDELINES FOR PROPERTY STUDIES	47

PROJECT LISTING

APPENDIX B

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PROJECT	ACTIVITIES	AREAS AFFECTED		AREA OF MAIN RESPONSIBILITY
		INTERNAL	EXTERNAL	
DEVELOP APPROACH TO REAL PROPERTY IN THE FEDERAL GOVERNMENT	<ul style="list-style-type: none"> - define functions involved (i.e. what commodity being dealt with and what activities being performed on it) - define means of handling these functions and conditions under which it will be done (e.g. role; limitations; etc.) - discuss with and obtain <u>agreement</u> in principle from both clients (e.g. D.O.T.) and non-client agencies (P.C., T.B., P.S.C., Finance, Justice) for functions, role, etc. - obtain definitive approval from political arm of the government 	<p>EXC</p> <p>MGT-RS</p> <p>MGT-OTHER</p>	<p>CLIENT DEPTS</p> <p>T.B.</p> <p>P.S.C.</p> <p>Fin.</p> <p>Justice</p>	<p>EXC</p> <p>"Task Force"</p>

PROJECT LISTING

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PROJECT	ACTIVITIES	AREAS AFFECTED		AREA OF MAIN RESPONSIBILITY
		INTERNAL	EXTERNAL	
DEVELOP "INTERIM" ORGANIZATION STRUCTURE (to APRIL 1, 1972)	<ul style="list-style-type: none"> - determine functions involved - state operating criteria of "interim" organization - determine goals for the "interim" period - determine major activities necessary to accomplish functions and goals within stated operating criteria - group these activities, as systematically as possible, in conformity with specialized abilities, interests and skills - obtain approval in principle for "interim" organization 	MGT- RS EXC		MGT-RS

PROJECT LISTING

APPENDIX B

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PROJECT	ACTIVITIES	AREAS AFFECTED		AREA OF MAIN RESPONSIBILITY
		INTERNAL	EXTERNAL	
DEVELOP FINANCIAL POLICIES	- determine organization's needs regarding financial policy	MGT-RS	T.B.	FINANCIAL
	(a) general	MGT-OTHER	FINANCE	
	(b) specific	EXC		
	- develop general financial policies	FINANCIAL		
	(a) source of money			
	(b) flow of money			
	(c) determination of initial assets and liabilities			
	- define clearly agency policy on specific financial issues			
	- profit sharing			
	- retention of earnings			
	- return on investment			
	- sinking fund			
	- development fund			
	- insurance fund			
	- asset base			
	- capitalization			
	- interest rates			
	- carrying costs, including taxes			
	- etc.			
	- obtain approval			

PROJECT LISTING

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PROJECT	ACTIVITIES	AREAS AFFECTED		AREA OF MAIN RESPONSIBILITY
		INTERNAL	EXTERNAL	
DEVELOP TERMS AND CONDITIONS FOR EMPLOYMENT AND REMUNERATION (i.e. EMPLOYMENT FRAMEWORK)	<ul style="list-style-type: none">- identify sources of information (statistical data, etc)- develop general terms and conditions- approve general terms and conditions	MCT-RS PERSONNEL EXC		PERSONNEL

PROJECT LISTING

APPENDIX B

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PROJECT	ACTIVITIES	AREAS AFFECTED		AREA OF MAIN RESPONSIBILITY
		INTERNAL	EXTERNAL	
DEFINE RELATIONSHIP WITH EXTERNAL AGENCIES	<p>- for each external agency, determine and state clearly</p> <p>(i) services to be provided</p> <p>(ii) policy organizational relationships and procedures surrounding these services</p> <p>(iii) controls that will be exerted by such external agencies</p> <p>(iv) information flows required</p> <p>(Note: External agencies include —</p> <ul style="list-style-type: none"> - T.B. - PSC - DSS - Finance - Justice.) <p>- prepare position papers on these</p> <p>- obtain approval</p>	<p>MGT-RS</p> <p>EXC</p> <p>MGT-OTHER</p> <p>FINANCIAL</p> <p>PERSONNEL</p> <p>LAW</p>	<p>T.B.</p> <p>PSC</p> <p>DSS</p> <p>FINANCE</p> <p>JUSTICE</p>	EXC

PROJECT LISTING

APPENDIX B
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PROJECT	ACTIVITIES	AREAS AFFECTED		AREA OF MAIN RESPONSIBILITY
		INTERNAL	EXTERNAL	
DEVELOP FEE SCHEDULE	<ul style="list-style-type: none"> - determine types of services to be provided by the organization. - research private sector's fees for similar services - draw up appropriate fee schedule and also make policy and procedures for periodic review based on market conditions - obtain approval for fee schedule, policy, procedure 	<p>MGT-RS EXC</p> <p>FINANCIAL</p>	<p>T.B.</p>	<p>MGT-RS</p> <p>FINANCIAL</p>

PROJECT LISTING

APPENDIX B

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PROJECT	ACTIVITIES	AREAS AFFECTED		AREA OF MAIN RESPONSIBILITY
		INTERNAL	EXTERNAL	
DEVELOP CLASSIFICATION SYSTEM FOR PROPERTIES	<ul style="list-style-type: none"> - define needs that a classification system for properties would satisfy - examine present classification system for properties and redefine as appropriate - discuss proposals with other organizational components and obtain approval in principle 	MGT-RS MGT- OTHER EXC		MGT-RS

MANPOWER REQUIREMENTS SUMMARY

PLANNING AND IMPLEMENTATION

REALTY SERVICES

Present resources assigned include:

W.F. Whitman -- direction and control

-- member of Executive Committee

-- member of Steering Committee

F.S. Currie -- specialist knowledge and advice

-- member of project committees

-- implementation of systems and procedures

N.S. Earl -- planning

-- consulting advice (organization, systems, etc.)

-- member of Planning and Co-ordinating Committee

Other resources have been assigned on a part-time basis:

1 Regional Real Estate Officer

1 Real Estate Trainee

1 Management Analyst.

It is expected that this allocation will remain fairly constant until implementation begins in the Regions. Then, the Branch may require additional resources.

Also it is expected that RS 's portion of certain projects will be done by resources on contract for the whole agency.

POLICY DECISIONS REQUIRED

Planning And Implementation

REALTY SERVICES

Note: This listing is not exhaustive nor is there necessarily any order of priority in the numbers for the policy questions.

1. "Principal" vs "Agent"

Are the agency and its various components going to be "principal" or "agent" in property transactions and administration?

2. "Cost" vs "Value"

In RS 's plans for implementation, it has based all considerations on 'market place value' and pricing competitive with the private sector. However, in some areas, there seems to be considerations given to 'cost recovery', which RS regards as a false premise. This should be clarified at the earliest possible date.

3. Land

What will be the 'attitude' of the federal government and of the agency toward the selling of land? What will be the criteria?

4. Manpower

What are both the "interim" (until April 1, 1972) and the long-term (post April 1, 1972) manpower policies for:

- (a) transfers in and transfers out
- (b) real property skills (including Design and Construction skills) in customer organizations
- (c) lay-off
- (d) firing
- (e) hiring

- (f) retirement
- (g) retraining
- (h) manpower development?

5. Finance

What are the agency's financial policies for:

- (a) profit sharing
- (b) retention of earnings
- (c) return on investment
- (d) sinking fund
- (e) development fund
- (f) insurance fund
- (g) asset base
- (h) capitalization
- (i) interest rates
- (j) distribution of overhead costs
- (k) method of depreciation of assets
- (l) disposition of proceeds from sale of property
- (m) distribution of carrying costs, including taxes
- (n) etc.?

6. Contracts

The Agency can have "contracts" of several types:

- (a) agency -- customer
- (b) agency -- private professional or technical service
- (c) inter-branch in agency.

Will these all be legally binding? What will be the 'terms and conditions' of these various types of contracts?

RELATED SYSTEMS OF OTHER BRANCHES

PLANNING AND IMPLEMENTATION

Comments

Since RS is an operating branch among several such branches, it can be expected that ALL systems developed in the new agency will be related in the sense that RS will want to have consultations and input before any courses of action are decided upon. This procedure is as applicable to the support service systems (e.g. Personnel Appraisal System) as to the managerial and operational systems (e.g. Terms and Conditions for Client Contracts and Related Procedures).

Related Systems (Major)

Corporate Budgeting System

Costing Systems (i. Project; ii. Cost-Benefit)

Accounting System

General Compensation System

Personnel Standards

Personnel Appraisal System

Terms and Conditions for Contracts and Related
Procedures

